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20 February 1986

Southeast Asia Report

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SOUTHEAST ASIA REPORT

CONTENTS

AUSTRALIA

PRC Wool Import Depends on Canberra Review
(Anthony Hoy; THE AUSTRALIAN, 11-12 Jan 86).................. 1

Business Council Warns Against Economic Decay
(Robert Bowden; THE AUSTRALIAN, 14 Jan 86).................. 2

Manufacturing, Metals Growth Over 2 Percent
(John Lyons; THE AUSTRALIAN, 14 Jan 86)..................... 3

Iron Ore Export Prices Cut
(Barry FitzGerald; THE AUSTRALIAN, 14 Jan 86).............. 4

Government Report Shows Blue Collar Worker Decline
(Sonya Voumard; THE AGE, 15 Jan 86)........................ 5

Editorial Views Farming Boost to Economy, Losses in Return
(THE AUSTRALIAN, 15 Jan 86)................................ 7

Editorial Expresses Concern Over New Caledonia Extremism
(THE AGE, 11 Jan 86).. 9

Editorial Decries 'Politicized' Future of Antarctic
(THE SYDNEY MORNING HERALD, 14 Jan 86)..................... 10

Briefs
Record Foreign Investment 12
Farmers, Drivers Protest 12
No Nuclear Accident Contingency Plan 13

LAOS

USSR Deputy Minister Describes Aid Relationship
(PASASON, 8 Oct 85)... 14

Editorial on Dry-Season Rice Cites Production Irrigation
(PASASON, 14 Nov 85) 16

State Trade Sector Policies, Results Examined
(PASASON, 14 Nov 85) 18

Nghia Binh-Champasak Twin Ties, Trade Seen
(K Somsamout; KONGTHAP PASASON LAO, 29 Aug 85) 20

Briefs

Signal Battalion Mission, Combat 22
Savannakhet Military Operations 22
Ministry of Defense Operations 22
Louang Namtha Youth Union Strength 22
Phong Saly Recruitment, Spies 23
Attopeu Recruitment 23
Vientiane Combat 23
Phong Saly Security, LPRYU Strength 23
Khammouan Youth Union Strength 23
Luang Prabang Combat 23

NEW ZEALAND

Lange Predicts Job Crunch, Economic Contraction
(THE NEW ZEALAND HERALD, 14 Jan 86) 25

Spread of Market Policy in Government
(Simon Collins; THE NEW ZEALAND HERALD, Various dates) 26

'Radical' Bureaucracy Shakeup 26
Energy Ministry Reorganization 27
Future of Transport, Communications 29
User-Fees Policy 30

Union President on Layoff Predictions
(THE NEW ZEALAND HERALD, 10 Jan 86) 32

Companies Predict Mass Layoffs
(THE NEW ZEALAND HERALD, 16 Jan 86) 33

No Immediate Impact Expected From European Import Cut
(THE NEW ZEALAND HERALD, 16 Jan 86) 34

Government Deficit Pushes Up Interest Rates
(THE NEW ZEALAND HERALD, 16 Jan 86) 35

Auckland Wool Prices Fall
(THE NEW ZEALAND HERALD, 18 Jan 86) 36

Default Prompts Criticism of Reserve Bank
(THE NEW ZEALAND HERALD, 18 Jan 86) 37

McLay's Policy Year Opens With Reshuffle
(Tim Grafton; THE EVENING POST, 20 Jan 86)................ 40

Union Leader Returns From USSR, Comments
(Penny Harding; THE EVENING POST, 22 Jan 86).............. 42

South Africa Cancels Participation in Police Centennial
(AFP, 28 Jan 86).. 43

Briefs
Reaction to U.S. Politician's Visit 44

PHILIPPINES

FRG Reporter on Mindanao NPA, Biazon Reform Hopes
(Verena Stern; SUEDDEUTSCHE ZEITUNG, 23 Dec 85)........... 45

Ver Offers Military, CHDF Roles to Surrendered Muslims
(THE MINDANAO CROSS, 21 Dec 85).......................... 51

Authorities Reluctant to Arrest INP Murder Suspects
(THE MINDANAO CROSS, 21 Dec 85).......................... 52

Torture Cases Documented, Military Suspects Named
(Barry Lowe; THE AGE, 11 Jan 86)......................... 53

Makati Businessman on Population, Economic Impact
(Perla Aragon Choudhury; THE MINDANAO CROSS, 21 Dec 85)... 57

Article Reports Flour Shortage in Cotabato
(THE MINDANAO CROSS, 21 Dec 85).......................... 58

Article Cites Military Disruption in Lagging Food Production
(THE MINDANAO OBSERVER, 23 Dec 85)....................... 59

Muslim Distrust of Manila Cited in Sulu Illiteracy
(THE MINDANAO OBSERVER, 23 Dec 85)....................... 60

Female Employment Lists Gains During 1978-1983 Period
(THE MINDANAO OBSERVER, 23 Dec 85)....................... 61

THAILAND

Columnist: U.S. Farm Bill To Have Severe Impact
(Trairat; DAILY NEWS, 9 Jan 86).......................... 63

Editorial Seeks Measures To Counter U.S. Farm Bill
(THAI RAT, 9 Jan 86)..................................... 65

Samak Leadership, TCP Problems Viewed
(MATICHON SUT SAPDA, 15 Dec 85)........................... 67

Thongbai Thongpao Surveys Human Rights, Press, Former CPT
(Thongbai Thongpao; WIWAT, 16-22 Dec 85).................. 72

4th Infantry Division Mission, Weaponry Described
(SENASAN, Dec 85)... 77

Army Regulation on Deserters Published
(SENASAN, Dec 85)... 83

Expatriate Worker Remittances Drop for 1985
(NAEO NA, 30 Dec 85)...................................... 89

Editorial Backs Farmers' Protest
(NAEO NA, 7 Jan 86)....................................... 91

Commerce Ministry Publishes Regulations on Rice Exports
(DAILY NEWS, 10 Jan 86)................................... 93

Athit-Chawalit Relationship Described
(LAK THAI, 12 Jan 86)..................................... 97

Athit Reorganization of Bangkok Peacekeeping Command
(LAK THAI, 12 Jan 86)..................................... 100

Amnuai Yotsuk on SAP Unity for Cabinet Changes
(Amnuai Yotsuk Interview; MATICHON SUT SAPDA, 12 Jan 86).. 103

Analyst Views Cambodia Policy, Advocates Independent Stance
(Chen Charik; SIAM RAT SAPDA WICHAN, 12 Jan 86)........... 107

Briefs

Thai-U.S. Weapons Storage 110
Army in Southern Suppression Work 110
Royalty Army Promotions 110
Athit, Sitthi, Prasong Conflict 110

AUSTRALIA

PRC WOOL IMPORT DEPENDS ON CANBERRA REVIEW

Sydney THE AUSTRALIAN in English 11-12 Jan 86 p 4

[Article by Anthony Hoy]

[Text]

THE Chinese wool industry, eager for a greater slice of the action on international wool markets (at Australia's expense), is set to snap up large quantities of top Australian merino bloodline sires if the Federal Government adopts a recommendation that export restrictions on merino sheep be lifted.

In a ploy timed to coincide with the review by the Minister for Primary Industry, Mr Kerin, of the export limit on rams and other merino genetic material – ewes, semen, embryos and cull ram inclusion in the live sheep export trade – senior Beijing agriculture official, Mr Fu Yinsheng, has pushed for an increase in Australia's merino flock numbers from 150 million to 240 million to meet China's wool requirements.

But Mr Yinsheng's proviso is that Australia must allow continued access to Australian merino rams to let China build up its own production.

The Yinsheng proviso has sounded warning bells in some agricultural sectors in view of the experience of the Australian cotton industry.

During the 1970s China took thousands of bales of Australian cotton, with the proviso that expertise be provided to help develop China's cotton industry.

The Namoi Cotton Co-operative spent considerable time, money and effort on a pilot cotton project in the Sinjiang province.

Chemicals, fertilisers and machinery were shipped to Sinjiang, and Australian farm management and agronomy staff worked in the cotton fields alongside the Chinese – only to see China, in the words of the co-operative's general manager, Mr John Howes, "bite the hand that feeds it" by using Australian expertise to boost production and compete for Australian markets.

Today, China's cotton stockpile stands at more than 20 million bales, placing a cloud over the entire world market. Western countries are concerned about the possibility of dumping.

One of the most vocal opponents of freeing merino export restrictions, Victorian commercial merino breeder Mr Colin Austerberry, predicted China would subsidise fine apparel wool as it did with wheat.

"The Chinese Government paid wheat producers $84 a tonne to grow wheat, withdrawing the subsidies as the industry established itself to the point that China is now almost self-sufficient in wheat," he said. "It is logical that as this subsidy is withdrawn from wheat production it will be re-directed into wool production, with the aim of eliminating as closely as physically possible the need to import wool."

China needed Australian merino rams, Mr Austerberry said, to boost its 35 per cent wool yield (300 million kilograms clean wool from 95 million sheep) to a point more in line with Australia's 65-68 per cent.

Mr Austerberry estimates the value of the merino ram export sector at $3 million to $5 million a year. "The ram export proponents advocate exports because they claim there is a need for more wool in the world market," he said. "The Bureau of Agricultural Economics estimate of sheep to be shorn in 1985-86 is 171 million and wool production of 811 million kilograms – a 12 per cent increase on the 1984-85 figures.

"At this rate I would expect 200 million sheep to be shorn in 1986-90, producing 933 million kilograms of wool. Surely the export value of our wool is hundreds of millions of dollars more than the comparatively paltry sum involved in merino ram exports."

The assistant executive director of the Australian Wool Council, Mr David Coombes, likens China to the Soviet Union when it comes to wool production. "The USSR has a sheep population similar to Australia's. Yet, because it has a large textile industry, it is Australia's second-largest customer," he said.

China too, Mr Coombes predicts, will remain a significant export market for Australian wool. "Like the USSR it is a country with a large population, with good growth potential for domestic wool consumption as standards of living increase," he said.

"The textile export industry earns valuable overseas currency for China, and hopes to increase its earnings. Australian wool industry interests and the International Wool Secretariat are working in China at the moment to lift the quality of fashion and design.

"Chinese domestic wool consumption per head is around 100 grams – extraordinarily low for a cold country. But with increasing privatisation and disposable income, there are early signs that there will be great demand for quality wool products.

"So China is a very exciting market for Australian wool. The broad consensus at this stage is that there does not appear to be any great danger to the Australian Wool Industry in assisting the Chinese with Australian merino breeding technology and genetic material to improve their own industry."

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CSO: 4200/639

BUSINESS COUNCIL WARNS AGAINST ECONOMIC DECAY

Sydney THE AUSTRALIAN in English 14 Jan 86 pp 1, 2

[Article by Robert Bowden]

[Text] A DETERIORATION in key areas of the economy was placing in jeopardy the Federal Government's objective of achieving strong economic growth, the Business Council of Australia (BCA) has warned.

The BCA said that continued rates of growth of 4 per cent to 5 per cent were under threat because of a "number of recent changes in the economic scene".

In its latest bulletin, the council identifies these threats as a deterioration in the current account of the balance of payments, a rising overseas debt, rising inflation, record interest rates, low levels of investment, tightness in the labour market and a surge in industrial disputes.

The bulletin questions the Government's tight monetary policy to defend the dollar and the inflexibility of wages in the face of the recent depreciation of the dollar.

The BCA has been a strong business ally of the Hawke Government, but recent remarks by the council's president, Mr Bob White, together with the latest criticism of policy indicates a growing concern with the Government's economic direction.

The council says that the continuation of real economic growth of 4 per cent to 5 per cent could be a realistic goal for Australia in the next few years provided the Government overcomes several fundamental structural problems.

"Failure to increase the share of resources used in the production of traded goods and services, failure to increase the share of expenditure devoted to investment, and failure to improve our productivity performance will in due course result in lower levels of real growth, higher levels of unemployment, further pressure on the Australian dollar and inflation," the article says.

The council says that Treasury projections made in early October of 8 per cent inflation for 1985-86 and 6 per cent to 7 per cent for 1986-87 compare unfavourably with projections by the Organisation for Economic Co-operation and Development (OECD) of less than 5 per cent for the leading industrial countries.

The recent rise in interest rates, brought about by the tight monetary policy used to defend the dollar, will have a dampening effect on investment that may last several years, it says.

And even though business investment is forecast to rise, it is low in historical terms and is subject to considerable uncertainty due to the rise in interest rates.

The council says the lack of certainty about the effects of tight monetary policy on investment and on general economic activity means that the government should be cautious about applying this policy.

Another potential barrier to strong growth is the sign of labour shortages, particularly for skilled tradesmen in the building and construction industries, the council says.

"These bottlenecks raise the possibility of a wage breakout in areas of tightness which, with Australia's adherence to comparative wage justice, would rapidly spread throughout the economy."

The bulletin says that to provide for sustained growth a number of structural changes are urgently required, including a shift in resources from the non-traded goods sector to traded goods, a shift from consumption goods to investment goods -- and greater flexibility in the labour market.

The council describes the 2 per cent wages discount, negotiated under the prices and incomes accord with the ACTU, as "too little and too late".

/9274
CSO: 4200/639

AUSTRALIA

MANUFACTURING, METALS GROWTH OVER 2 PERCENT

Sydney THE AUSTRALIAN in English 14 Jan 86 pp 1, 2

[Article by John Lyons]

[Text]

THE Federal Government was handed good news yesterday with figures showing continued growth in manufacturing and strong prospects for the year ahead.

Total manufacturing activity grew by 2.4 per cent during the September quarter of 1985, according to figures released by the Australian Bureau of Statistics.

The increase, which came mainly from metal industries, was the third consecutive rise of more than 2 per cent.

Fabricated metal products contributed 1.2 per cent while basic metal products and transport equipment each contributed 0.5 per cent.

Strong growth in other manufacturing areas — particularly production of wood, glass, clay and rubber products — contributed a further 1.2 per cent.

There was a decline in textiles, clothing and footwear.

The Australian Chamber of Manufactures (ACM) welcomed the figures but warned there could be a downturn later in the year.

The ACM's chief economic adviser, Mr Ainslie Jolley, said although a devalued Australian dollar had increased demand for manufactured goods, high interest rates were restraining growth.

"I don't think that 1986 will be quite as good a year for manufacturing as a whole although a number of industries could do quite well," he said.

"The further depreciation in the Australian dollar will give a boost to import-competing industries and exports may improve off a low base during the year.

Analysis of the industries reporting strong growth shows the increase in production is meeting a substantial increase in demand and has also been used during the quarter for larger than usual accumulation of stocks of work-in-progress and finished goods.

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CSO: 4200/639

AUSTRALIA

IRON ORE EXPORT PRICES CUT

Sydney THE AUSTRALIAN in English 14 Jan 86 p 11

[Article by Barry FitzGerald]

[Text]

AUSTRALIA's premier iron ore producer, Hamersley Iron Pty Ltd, has accepted a cut in its export contract prices, and faces a fall in export revenues this year of up to $50 million.

News of the setback emerged yesterday and could prove embarrassing for BHP with its $980 million acquisition three months ago of the remaining 55 per cent of the other main iron ore producer, Mt Newman, apparently as part of its defence against Mr Robert Holmes a Court.

BHP is still negotiating with its European customers and faces a similar cut in contract prices for Mt Newman's output.

The setback in iron ore export prices, suggesting the outlook for commodity prices is still bleak, could sap some of the dollar's recent gains on hopes of an improvement in the balance of payments.

European steel makers extracted price cuts of 5.5 per cent from the CRA Ltd subsidiary shortly before Christmas, and the Japanese are also expected to win lower prices.

Hamersley settled its European iron ore contracts with a 5.5 per cent cut, effective from January 1.

It sells 7 to 8 million tonnes, or about 20 per cent of its total sales, to the European market a year.

The price cut, on a cost insurance freight (CIF) basis, leaves Australian iron ore at US36.2c (lump) and US32.4c (fine) an Fe (iron unit).

The ruling price in 1985 was US38.48c (lump) and US34.3c (fine) an Fe.

The real crunch for Hamersley comes in the last week of this month when it begins earnest discussion on 1986 contracts with the Japanese mills.

In preliminary discussions with the Japanese it has become clear that they too will be looking for a price reduction.

If the European price cut were transferred to Japan a similar fall on a free-on-board (FOB) basis would be around 2 per cent — slashing Hamersley's revenues by about $50 million.

In its negotiations with the Europeans the Australian producers had been hoping for constant price settlements in CIF terms, which would have translated to a rise in FOB terms.

That was because of the estimated 15 per cent fall in sea freight rates to the major European ports over the past 12 months.

Mining analyst with Melbourne broker McCaughan Dyson and Co Ltd, Mr Keith Docking, estimates an average shipment of 150,000 tonnes at the end of 1984 would have cost $8.50 a tonne.

Now the cost is about $7.20 a tonne, with some shipments being made as low as $6.50 a tonne.

Mr Docking said Hamersley's settlement was somewhat surprising because European Economic Community (EEC) crude steel production maintained a fairly constant rate of output in 1985.

"Further, the European mills are understood to be profitable at present, and hence profitability will improve," he said.

Mr Docking said the big question was the extent of any price cut on shipments to Japan (effective from April 1) and the rest of Asia.

"Added problems here are falling Japanese crude steel production and the strength of the yen which is impacting on steel exports," he said.

McCaughan has assumed the cut on Japanese contracts will average 3.5 per cent.

The cut taken by Hamersley in the European market followed earlier settlements by Canadian and Brazilian producers.

They took 1.1 per cent cuts on an FOB basis and followed their normal practice of settling early to protect tonnages.

In their initial negotiations, Brazil requested a price rise of round 6.2 per cent — an amount close to what Australian producers are believed to have been asking.

The price cuts in Europe will please the Japanese, who are claiming things are tough because of the appreciation of the yen against the United States dollar.

The Japanese are highlighting a suspected slowdown of steel output as a result of reduced demand both in the domestic and export markets.

Export markets, principally in the US, are being hit by the high value of the yen. But for the Japanese, this is offset by a substantial fall in the effective cost of raw materials, which are priced in US dollars.

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CSO: 4200/639

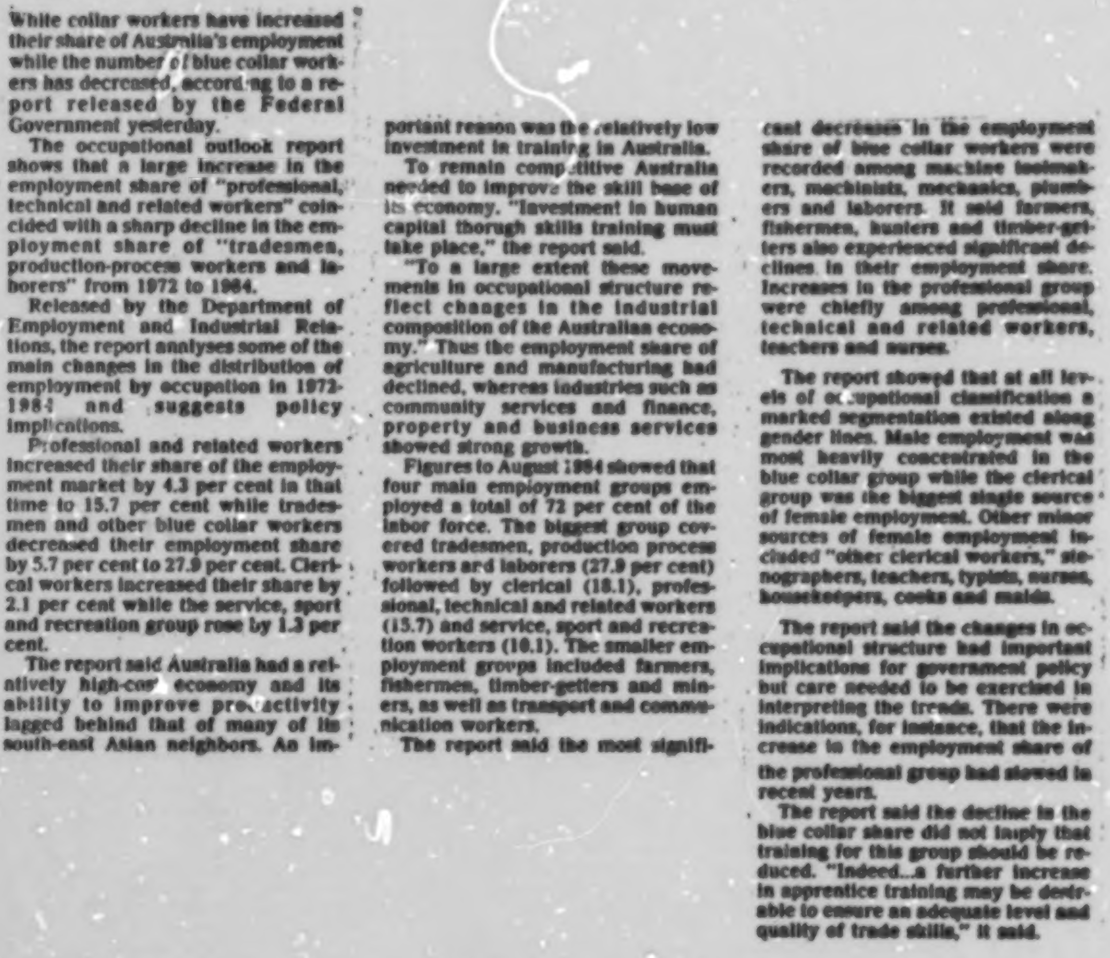
AUSTRALIA

GOVERNMENT REPORT SHOWS BLUE COLLAR WORKER DECLINE

Melbourne THE AGE in English 15 Jan 86 p 5

[Article by Sonya Voumard]

[Text]



White collar workers have increased their share of Australia's employment while the number of blue collar workers has decreased, according to a report released by the Federal Government yesterday.

The occupational outlook report shows that a large increase in the employment share of "professional, technical and related workers" coincided with a sharp decline in the employment share of "tradesmen, production-process workers and laborers" from 1972 to 1984.

Released by the Department of Employment and Industrial Relations, the report analyses some of the main changes in the distribution of employment by occupation in 1972-1984 and suggests policy implications.

Professional and related workers increased their share of the employment market by 4.3 per cent in that time to 15.7 per cent while tradesmen and other blue collar workers decreased their employment share by 5.7 per cent to 27.9 per cent. Clerical workers increased their share by 2.1 per cent while the service, sport and recreation group rose by 1.3 per cent.

The report said Australia had a relatively high-cost economy and its ability to improve productivity lagged behind that of many of its south-east Asian neighbors. An important reason was the relatively low investment in training in Australia.

To remain competitive Australia needed to improve the skill base of its economy. "Investment in human capital thorugh skills training must take place," the report said.

"To a large extent these movements in occupational structure reflect changes in the industrial composition of the Australian economy." Thus the employment share of agriculture and manufacturing had declined, whereas industries such as community services and finance, property and business services showed strong growth.

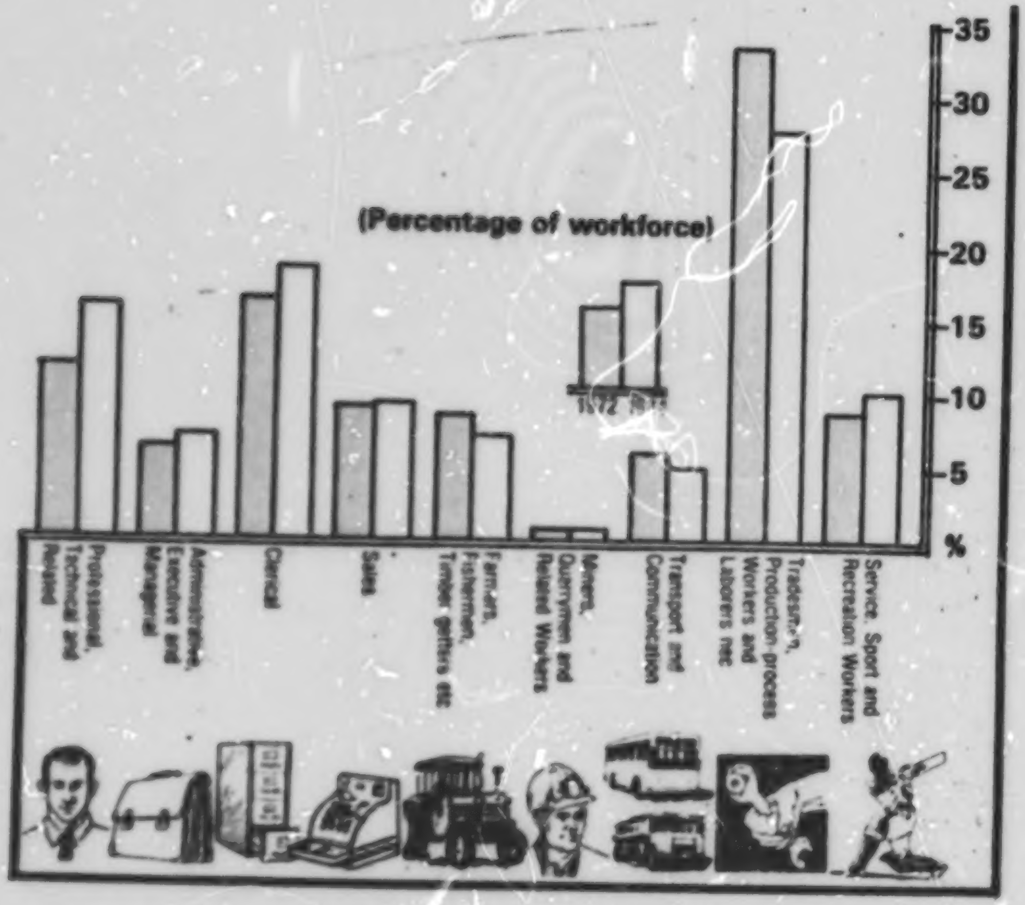
Figures to August 1984 showed that four main employment groups employed a total of 72 per cent of the labor force. The biggest group covered tradesmen, production process workers and laborers (27.9 per cent) followed by clerical (18.1), professional, technical and related workers (15.7) and service, sport and recreation workers (10.1). The smaller employment groups included farmers, fishermen, timber-getters and miners, as well as transport and communication workers.

The report said the most significant decreases in the employment share of blue collar workers were recorded among machine toolmakers, machinists, mechanics, plumbers and laborers. It said farmers, fishermen, hunters and timber-getters also experienced significant declines in their employment share. Increases in the professional group were chiefly among professional, technical and related workers, teachers and nurses.

The report showed that at all levels of occupational classification a marked segmentation existed along gender lines. Male employment was most heavily concentrated in the blue collar group while the clerical group was the biggest single source of female employment. Other minor sources of female employment included "other clerical workers," stenographers, teachers, typists, nurses, housekeepers, cooks and maids.

The report said the changes in occupational structure had important implications for government policy but care needed to be exercised in interpreting the trends. There were indications, for instance, that the increase in the employment share of the professional group had slowed in recent years.

The report said the decline in the blue collar share did not imply that training for this group should be reduced. "Indeed...a further increase in apprentice training may be desirable to ensure an adequate level and quality of trade skills," it said.



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CSO: 4200/639

AUSTRALIA

EDITORIAL VIEWS FARMING BOOST TO ECONOMY, LOSSES IN RETURN

Sydney THE AUSTRALIAN in English 15 Jan 86 p 6

[Editorial: "Still Riding on the Farmer's Back"]

[Text] ONCE again Australia's farmers have prevented the balance of payments from developing into the crisis we probably deserve. It was only a welcome, if surprising, boost in exports of sugar, cereals and wool last month that rescued the current account deficit from an even worse result than $1 billion.

Yet for propping up the balance of payments, the farmers have gained nothing in return. As the president of the National Farmers Federation, Mr Ian McLachlan, pointed out on Monday in the second in our series of feature articles on the rural sector, the average income of farmers is expected to be only about $7000 this financial year. This is below the poverty line.

We are deceiving ourselves to think we are no longer dependent on the rural sector for our wealth. Nothing could be further from the truth. The rural sector has always been our main source of foreign exchange, and the float of the dollar now means we depend more, not less, on that sector. While it is obvious enough that the farm sector feeds us, under the float it now also clothes and houses us.

Yet the rural sector itself is now struggling. It has to contend with the subsidised trade war between the United States and the European Community, and the subsidised output of the Third World to pay its foreign debts, while it is being squeezed by higher costs due to wage indexation and record interest rates – a result of the Government's misguided attempts to save the dollar.

The nation cannot continue to expect that more domestic spending will solve our problems. Our economy is too inward looking, as if the rest of the world did not exist. Only if we become more export sensitive are we entitled to expect sustained economic growth. To become more export sensitive, we need a less rigid wage structure to meet overseas competition, a tax system which gives exporters an incentive and improved infrastructure. As the chairman of Elders IXL, Mr John Elliott, pointed out in yesterday's article in our rural series: "This nation cannot afford to continue disregarding the negative impact of a rigid labour market on our ability to export at competitive prices. As a nation, we cannot afford to price ourself out of business."

The folly of expecting a rising standard of living with scant regard for our exporters is costing the nation dearly. We must compete against the rest of the world, not against each other. Nothing is gained from the unions extracting higher wages if they are eventually paid for by farmers.

Unless we export more, we cannot even sustain the standard of living to which we have become accustomed, let alone improve it. Most of our consumer goods are imported, and these have to be paid for by exports. The fact is that farmers have been subsidising our purchases of new cars, electronic equipment and other consumer durables and even the plant and equipment which provides our jobs. Our heavy dependence on foreign borrowings has to be financed by exports. Yet for their trouble, farmers have been taxed by higher wages, higher interest rates and higher materials costs.

Without the farm sector, the dollar would be much lower than it is now because no other industry can replace it. If we continue in this way, we will end up with two societies – one that produces and another that takes. Unless we are prepared to back new export industries – and this would require a new wage structure and a different tax at the very least – we will have to do much more to support the ones we have.

The West Australian election has already shown the power farmers can potentially wield. We should not see this as an abuse, but as a rude reminder that without our exporters Australia cannot hope to grow wealthy.

/9274
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AUSTRALIA

EDITORIAL EXPRESSES CONCERN OVER NEW CALEDONIA EXTREMISM

Melbourne THE AGE in English 11 Jan 86 p 11

[Editorial: "New Caledonia at the Crossroads"]

[Text]

THE arousal of extremist tendencies in New Caledonia is another unwelcome indication of the political pressures building in a neighborhood that is already troubled by the Philippines crisis, the Anzus dilemma, a new Soviet military emphasis on eastern Asia and the Irian Jayan problem. There is no doubt that feelings are running high in the French territory as President Mitterrand's Government continues to prepare the way for independence. Both major communities, the Melanesian Kanaks and the French settlers, are anxious about what the future holds. The trouble is that no one can tell them. It is in these circumstances that small groups of New Caledonians are turning to violence in the hope of influencing the political outcome. More than 20 people have been killed in the past year or so.

Australia, as the nearest Pacific power, is naturally concerned about reports of the Kanak independence movement, FLNKS, seeking support from Libya. It is also alarmed at the appearance among right-wing settlers of vigilante squads said to be the force behind a series of recent attacks on pro-independence targets. Clearly the potential exists for considerable unpleasantness. But it is important for everyone involved to try to maintain a sense of perspective. By all reliable accounts, the militants form only a tiny proportion of New Caledonians. The overwhelming majority would prefer a peaceful resolution of the dispute. There may be no more than a few hundred people on both sides of the argument who are actively involved in violent deeds, despite the presence on the islands of a disproportionate number of firearms.

The FLNKS has been quick to point out that a move by the leader of one of the smaller parties in the pro-independence coalition to foster ties with Libya does not carry official endorsement. The longer the political uncertainty continues, however, the more influence the extremists are likely to garner. What is particularly unsettling is the prospect of a conservative victory in the French national election next March. Many of the settlers in New Caledonia have been encouraged to look to such a result for their salvation just as many Kanaks fear that the defeat of the socialists would spell an end to the program that has already given them control of three of the territory's four new regions. Whoever forms Mr Mitterrand's next government will carry the responsibility for deciding one way or the other the territory's future. As things stand now, the chances of a peaceful outcome are deteriorating.

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CSO: 4200/639

AUSTRALIA

EDITORIAL DECRIES 'POLITICIZED' FUTURE OF ANTARCTIC

Sydney THE SYDNEY MORNING HERALD in English 14 Jan 86 p 12

[Editorial: "Antarctic Perils and Politics"]

[Text] THE AMERICAN rescue of three British explorers who had skied 1,412 kilometres to the South Pole and 21 very lucky survivors of their rendezvous ship, the Southern Quest, sunk by moving pack-ice over the weekend, dramatically underlines the well-known perils of Antarctic exploration. This group of private explorers achieved their goal of retracing the route followed in 1912 by the famous, ill-fated Captain Scott. Further private expeditions are underway. Project Blizzard, for example, wants to preserve Sir Douglas Mawson's 1911-1913 base hut. And the ecological politicians of Greenpeace now have a vessel in perilous Antarctic waters close to Ross Sea, where the Southern Quest went down.

The Greenpeace plan is to establish the first non-governmental base in Antarctica and erect a monument to the idea that Antarctica should be a "world park", free from all mineral exploitation. For safety's sake, the Greenpeace operation should probably be called off — as the Minister for Science, Mr Barry Jones, urged before the Footsteps of Scott expedition ended so abruptly.

The current, very severe Antarctic conditions — which trapped the official Australian supply ship, Nella Dan, for a month last year — again raise the question of banning private expeditions. Many officials dealing with Antarctica have proposed this before. Without gainsaying the courage, curiosity and idealism of private individuals and groups who wish to raise expeditions, there is little doubt that private expeditions are inappropriate to such a dangerous area. They can divert the energies of official scientific expeditions, which support a few hundred researchers during the winter months and only a few thousand in the short summer. Logistical support is most costly and cumbersome.

Perhaps an international agreement banning private expeditions is overdue; it would certainly be far easier to achieve than the legal regimes for the potential exploitation of Antarctic minerals which have preoccupied the Antarctic Treaty powers for some years. Last year, the 32 Antarctic powers reached an agreement to restrict human access to 16 special environmental and scientific areas of the continent, and to monitor the extent of environmental damage that may already have been done.

The refusal of Greenpeace to call off its plan to establish an Antarctic base camp, however, illustrates how the future of Antarctica has become fashionably politicised. While Greenpeace opposes minerals exploitation, many Third World nations, led by Malaysia, advocate a new international framework to replace the 26-year-old Antarctic Treaty — partly to facilitate the wider exploitation of Antarctic minerals. Instead of a club of 18 "consultative" and 14 other powers, they want Antarctica to be part of the "common heritage of mankind", on the Law of the Sea precedent.

Despite criticisms by the ecological groups now bidding for power in Antarctica, the Antarctic Treaty system has generally worked well. Australia has rightly worked hard to extend its membership, and since 1982 we have supported and hosted efforts to achieve agreement on a minerals regime. But our scientific expenditure hardly justifies our claim to 42 per cent of the frozen continent and, as the debate sharpens over who "owns" Antarctica, and why, Australia's historical claims and political influence in Antarctica will be increasingly threatened.

/9274
CSO: 4200/639

BRIEFS

RECORD FOREIGN INVESTMENT--Foreign investment in Australia reached a record level last financial year. After hovering around $10,000 million [Australian dollars] for 3 years, it rose to $12,000 million [Australian dollars] for 3 years, it rose to $12,000 million -- a rise of 25 percent [figures as heard]. The Bureau of Statistics say factors underlying the rise included record foreign investment in government securities, a substantial increase in both public and private sector borrowing from foreign investors, and a large turnaround in corporate head office investment in Australian branches. The bureau said public sector borrowing from overseas rose particularly strongly last year offsetting a sharp fall in foreign investment in Australian corporate equities. Japan replaced the United Kingdom as the biggest source of foreign investment in Australia during 1984-85, with the UK dropping to third behind the United States. [Text] [Melbourne Overseas Service in English 0830 GMT 20 Jan 86 BK] /12640

FARMERS, DRIVERS PROTEST--The prime minister has received a rowdy protest from farmers and truck drivers in Perth after a meeting with rural leaders on the plight of the farming industry. Mr Hawke met for one and a half hours with rural leaders concerned about high interest rates, fuel costs, and low returns. He told the farming industry leaders he appreciated their concerns and said he would take the matters up to the federal cabinet. However, about 200 farmers and 60 truck drivers, who had held a rally nearby, marched on the hotel where Mr Hawke was meeting with rural leaders. The truck drivers say they are most upset about plans to impose a distance tax and operator license fee. Mr Hawke told the protestors that many of the difficulties facing Australian farmers were the result of European action in the international market. Radio Australia's Perth office says, however, Mr Hawke walked away from the gathering following rowdy interjections. One man was arrested after refusing to leave the hotel lobby where the protest took place. [Text] [Melbourne Overseas Service in English 0830 GMT 27 Jan 86] /12640

NO NUCLEAR ACCIDENT CONTINGENCY PLAN--In Perth, a retired Naval officer has warned that Australia has no plan to deal with a possibility of an accident or nuclear explosion despite port facilities offered to nuclear-capable American warships. The comments of former lieutenant commander, (Michael Lynch), came as the submarine USS Tautog is due to dock at the Stirling Naval Base at Fremantle, Perth's port. Mr (Lynch), who served with the Royal Australian Navy for 20 years, said a plan did exist to deal with radiation leaks, but no such contingency plan had been developed to cover an accidental nuclear explosion. He compared the decision to allow nuclear-armed vessels port facilities as allowing fully laden nuclear-armed B-52 bombers to land at Perth airport. [Text] [Melbourne Overseas Service in English 0130 GMT 29 Jan 86] /12640

CSO: 4200/643

USSR DEPUTY MINISTER DESCRIBES AID RELATIONSHIP

Vientiane PASASON in Lao 8 Oct 85 pp 3, 4

[Article: "Some Important Opinions of Comrade M Kapitsa, Deputy Minister of Foreign Affairs of the USSR, on the Occasion of the 25th Anniversary of Diplomatic Relations Between Laos and the Soviet Union"]

[Excerpt] Diplomatic relations have drawn both countries closer. Diplomatic exchanges were initiated at a difficult time for Laos, when it was not unified internally. There was a violent struggle and at that time Laos was in limbo. Diplomatic relations with the USSR were established so that the wish of the Lao people of many centuries, namely to live in a country that is united, developed, and independent, could be realized. My country played an enthusiastic role in organizing and carrying out the 1962 Geneva Accords concerning Laos.

At that time, all Soviet diplomats had to perform their duties on the Plain of Jars and in Vientiane where the spies of the imperialists carried out reactionary coups d'etat. In the old Land of a Million Elephants, blood was shed in violent fights for the country's independence and future.

Relations between Laos and the USSR were built on a foundation of true equality and mutual respect for sovereignty and independence. During the brave struggle of the Lao people to liberate their nation and society, Laos was supported and assisted by the USSR, based on brotherly solidarity with the Soviet people.

Presently, the solidity of our relationship is based on the Marxist-Leninist principles of exchange and international socialism. The joint activities and cooperation of the USSR and the LPDR are growing continuously and tremendously and are ceaselessly being improved and enriched.

These remarks were in the complimentary telegram of the Soviet Communist Party Central Committee to the central Committee of the LPRP on the 30th anniversary of the formation of the Lao Workers Party: Brotherly relations between the Soviet Communist Party and the LPRP are the solid foundation of the absolute and special cooperation between our two countries and two nations. Regular meetings and discussions of the two supreme leaders from the two parties and two countries have become a tradition in setting the major direction in expanding future cooperation between the Soviet Union and Laos.

This successful meeting was held on 27 August 1985 between M S Gorbachev, secretary general of the USSR Communist Party, and Comrade Kaisorn Phomviharn, secretary general of the LPRP and chairman of the LPDR Council of Ministers, who paid a goodwill visit to the USSR. This meeting generated great satisfaction in the USSR and in Laos. It showed once again a unity of opinion by both sides concerning cooperation between the two parties and both countries in the struggle to create peace and order in Southeast Asia and the Asian continent in general.

The meeting of our two leaders was conducted in a fraternal and friendly atmosphere. It became an important step in strengthening relations between the Soviet Union and Laos. Both sides have expressed their goal to deepen relations between the Soviet Communist Party and the LPRP to improve and secure activities and total cooperation between the USSR and Laos.

Economic and trade relations between the USSR and Laos are growing at a rapid rate. These relations started to grow successfully before the victory of the revolution. After the proclamation of the LPDR, cooperation between the USSR and Laos in this area took a new form, both qualitative and in quantitative. In November 1985 and January 1986, there were agreements concerning Soviet aid to the LPDR. The USSR started to send needed merchandise to the young country at a reduced price. Seventy percent of the merchandise consists of machinery and spare parts. During the friendly and official visit of the delegation of the LPDR headed by Comrade Kaisorn Phomviharn in Moscow on 22 April 1976, along with the joint announcement, a trade and trade exchange treaty was signed between the Soviet Union and Laos. Those agreements laid out the basic principles for present economic and trade relations between the two countries.

The Soviet people, who have been through many disasters and have survived starvation, are well aware of the experience of the Lao people during the initial years of reform of the grassroots economy and society. With proletarian solidarity, the Soviet people have given necessary aid to their Lao brothers for restoring and expanding the national economy and developing the nation's workers. From 1976 to 1985, the following construction projects in the LPDR were successfully completed with Soviet aid: the Nam Neun River, Nam Nguam and Nam Kading bridges, hospitals, petroleum reservoirs, auto repair shops, agricultural tool repair shops, satellite communication system stations, and radio stations. Other construction activities that continued are: one hospital, the Lad Senh Commune, a polytechnical school, two large bridges, restoration of a tin mine, a survey of the nation's rich forests, gypsum mining operations, the formation and expansion of state construction and transportation companies, improvement of the national survey and design organization, and preparation for the construction of a petroleum pipeline from Vinh petroleum port (SRV) to Vientiane as requested by the LPDR government. Soviet technicians have been helping to lay out the technical foundation for developing the socialist foundation in Laos.

12597/12712
CSO: 4206/26

EDITORIAL ON DRY-SEASON RICE CITES PRODUCTION IRRIGATION

Vientiane PASASON in Lao 14 Nov 85 pp 1, 4

[Excerpts] Promoting production has made rice fields become real agricultural battlefields for seriously solving the food supply problem, which is one of the important duties of the party, the armed forces, and the people.

Over the past years, net food production in the entire country has increased tremendously and rapidly. It has increased 2.17 times over 1978's level of production, from 245 kg of rice per person to 392 kg. This is a success in which we can take pride. Nevertheless, there are many conditions and much potential for raising production, but we have not exploited them yet, such as methods to increase the area and efficiency of cultivation and the growing season. If we are able to do all these, rice production will surely be higher every year than it has been.

Increasing production regularly, which is one of our objectives, can improve the food supply and the conditions for expanding all agricultural areas. We must concentrate on increasing the growing season, namely by encouraging the establishment of dry-season rice growing over the entire country. For many years, the state has invested in building many irrigation systems. These can irrigate up to 136,330 ha, which represent 20 percent of the total rice field area. This provides favorable conditions for growing rice during the dry season, especially in the plains area, and it is also easier to grow more rice in the slash-and-burn cultivation areas. During past years, growing rice in the dry season has proved clearly and in many ways that it is very appropriate for our country's conditions. For example, climatic conditions are favorable for high-yielding varieties of rice. There are few natural disasters and few insects during the dry season compared to the rainy season and yields are clearly higher. During dry-season growing, even though the average yield is not that high yet--only 2.7 tons per ha--it is considerably higher--1.4 tons per ha--than rice yields during the rainy season. Last year, total production was only 40,600 tons over an area of 14,974 ha. There were a number of outstanding cooperatives with yields of up to 5 tons per ha. In addition, expanding dry-season rice field areas is not wasteful, unlike clearing for entirely new rice fields, because rice can be grown immediately in swampy fields. It is even easier for irrigated areas.

Therefore, one of the methods for raising production regularly is to produce rice during the dry season. Measure No 7 of the Central Party specifies this and designates that we struggle to grow rice during the dry season on 12,000-15,000 ha, with the aim of rapidly increasing production and becoming able to respond to the demands for building the foundations of our nation's economy.

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STATE TRADE SECTOR POLICIES, RESULTS EXAMINED

Vientiane PASASON in Lao 14 Nov 85 pp 2, 4

[Excerpts] Trading activity has gradually come under state management and has moved closer to socialism. The primary aim of trade is to promote agriculture, forestry, industry, and handicrafts; to improve the people's standard of living by relating trade with production and imports with exports and by increasing trade with socialist countries, primarily Vietnam, Kampuchea, and the USSR; and gradually to split away from the control of foreign capitalist markets.

The volume, type, and value of trade inside the country from farmers at state and other production sites in general for promoting overall production has increased every year. Trade has started to be conducted by formal contracts at prices agreed upon by both sides. Incomplete statistics show that state purchases in 1985 increased 1.6 times over 1981 and 4.5 times over 1976. Food purchases in 1985 are double the number of 1981 and increased 4.6 times over 1976, including 504,000 tons of rice paddies, inclusive of purchase and agricultural taxes. Forest good purchases in 1985 increased 2.7 times over 1981 and 3.7 times over 1976, including 30,600 tons of coffee beans and 1,800 tons of cardamum, 190 tons of yarn, and other products. The number of manufactured and handicraft products turned out in 1985 was double that of 1981.

The volume, type, and value of retail and wholesale consumer goods used in production and for daily living in the country increased 2.4 times from 1981 to 1985 and 4.5 times since 1976. The amount of food in 1985 increased 2.2 times over 1981 and by 4.1 times over 1976. Manufactured products and handmade goods, machinery, materials, and capital goods in 1985 increased 2.2 times over 1981 and 4.4 times over 1976.

Exports to socialist countries in 1985 were up 2.4 times over 1981 and 4.8 times over 1978. Exports included 6.8 percent wood products; 76.62 percent agricultural products, forest goods, and other handicrafts; and 16.58 percent tin. Exports to Vietnam in 1984 alone increased 1.9 times over 1981 and 3.2 times over 1976, and exports to the USSR in 1984 increased 3.7 times over 1981.

Regarding international trade and loans from socialist countries during the past decade, those from socialist countries were 42.67 percent of the 1985 total, an increase of 4.9 times over 1981. Trade and loans from Vietnam in 1985 increased by 2.47 times over 1981, and by 3.5 times over 1976. Trade and loans with the Soviet Union in 1985 increased 3.9 times over 1981.

Imports of consumer goods, raw materials, and equipment and transportation goods covered 31 percent of total imports over the past decade.

The socialist trade system has improved and is more open at present. For example, the central government controls trade to the provincial districts. Regulations for trade have been set, such as for trade management, accounting, and credit; for all companies, enterprises, stores, and cooperatives; and for sales taxes. The state's control network for collectives and cooperatives from the central to the local governments has improved. Sixty-six central government, provincial, and district stores have been founded, which is an increase of 1.7 times over 1983.

There are at present state bars and hotels and 59 state employee stores to serve state employees' needs, an increase of 2.3 times over 1981, and 1,274 cooperative stores, an increase of 3.1 times over 1981. State and collective stores total 1,688, an increase of 28 times compared to 1981. On the average, 1 store serves 2,073 persons.

In summary, the factors for producing goods have not yet expanded. There are difficulties in communications and transportation. There are still a lot of active private businesses and private trade. People still prefer foreign-made goods. The enemy is still exerting its efforts to destroy the economy and there is a lack of staff in the trade sector. Over the past decade, the trade sector has been trying to perform its duties and has been succeeding. It has also been actively improving and progressively building up and strengthening trade from one without a system to trade under the direction of the socialist trading system that the party and the state have laid out. Trade sector personnel are performing their duties in order to contribute and push production to improve the standard of living of the people, to develop society, and to defend the nation and socialism step by step.

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LAOS

NGHIA BINH-CHAMPASAK TWIN TIES, TRADE SEEN

Vientiane KONGTHAP PASASON LAO in Lao 29 Aug 85 p 2

[Article by K Somsamout: "The Great Success of Champasak-Nghia Binh Cooperation"]

[Excerpt] Nghia Binh is a central province on the seacoast which is in a good position to expand its economy; it has the capability to expand in agriculture, forestry, fishing, and fish raising.

Champasak is a fairly large province covering 1,400 square km. It has a common border with Thailand of almost 200 km and a 100-km border with Cambodia. The Mekong River flows past four towns: Phon Thong, Champasak, Soukhouma, and Moun. It contains the fertile Bolovens Plateau. Champasak and Nghia Binh are about 700 km apart. These two provinces have come together and helped each other; they have had a special relationship since 1979.

During the first 3 years, from 1979 to 1981, Nghia Binh sent six groups of experts to Champasak. In 1982 it sent 12 groups of experts in agriculture, plant pest prevention, animal husbandry, irrigation, construction, support [groups], transportation, trade, and processing to assist Champasak.

Champasak and Nghia Binh planned and installed a water-pumping station at Yabin. They observed the gathering of local medicinal plants in five districts in the area of the Bolovens Plateau. They tested the topsoil in certain areas for suitability of sugarcane cultivation and built a factory to process local medicinal plants.

The treaty signed between the two provinces had as its goal the construction of basic activities in Nghia Binh's allied province, and Nghia Binh built a factory to process manioc, which can produce 8 tons per kip; provided and set up a 100-watt record player and a 20-unit loudspeaker system; provided and set up the machinery to refine sugar and produce alcohol; provided the equipment for a 20-bed hospital, cadres building and medicine-processing factory for the province; and helped build a brick and tile factory which can produce 2 million tons of oil and many thousands of tons of other goods for its allied province. In addition it assisted with 800 tons of salt, 270,000 sugarcane cuttings, 20 tons of rice seed, 6 tons of insecticide, and 500 medical syringes.

The two provinces cooperated closely in construction, in the support of scientific and technical cadres, in public health, and in education. Nghia Binh opened a school at Phabai in Nghia Binh to train 50 cadres for agriculture, economic administration, and technical matters. The hospital at Kouiyoen helped train dozens of nurses and physicians and two doctors. The Medical Department of Nghia Binh also helped train many primary-level, middle-level, and high-level medical cadres. Nghia Binh built a friendship school valued at 6 million Vietnamese dong which can hold 100 students. Currently students from the two allied provinces are studying at this school.

Each year the two allied provinces sign a treaty for a mutual exchange of goods on the basis of equality and equal benefits. The goods which the two provinces have exchanged have increased steadily. In 1982 this trade was valued at 1.4 million Vietnamese dong. In 1984 it had increased to 40 million dong.

In the past 2 years Nghia Binh invited two groups of middle-level cadres from Champasak to come for rest and medical treatment.

The cultural and economic ties between the two provinces are steadily growing. The party committee and people's council of Nghia Binh Province have led the way and mobilized the various branches and levels of government throughout their province in cooperating with and aiding their allied province.

When Comrade Sounthon, a member of the party Central Committee of the Lao People's Revolutionary Party and party secretary of Champasak Province, went to Nghia Binh Province in May 1984 for a friendship visit, he expressed his pride in the great success brought by the friendship and cooperation of Champasak and Nghia Binh Province.

These are the accomplishments of the brave spirit and ingenuity of the people of Champasak. This also shows the spirit of solidarity in struggle and cooperation in friendship at the grassroots-level between the people of Champasak and Nghia Binh Province, which strengthens the special relationship between the two fraternal nations, Vietnam and Laos.

8149/12712
CSO: 4206/41

LAOS

BRIEFS

SIGNAL BATTALION MISSION, COMBAT--The "B" Signal Battalion was established on 23 December 1975 in Vientiane. Since then, one company has served in combat at Ban Son Village. One group conducted sweeps for plunderers in the swamps of Xieng Khouang Province as well as the area around Xieng Khouang Province. In addition they conducted sweeps for plunderers on the plains of Vientiane Province; they performed their own special assignment half the time and served the rest of the time as foot soldiers in the area of Ilainakha Canton, Namkiang Canton, around Phou Phanang Mountain, and in other areas. They captured a number of plunderers and brought peace to these areas. In addition they were involved in all the joint operations of the ministry and the General Staff Department as well as the Signal Department. On 22 August 1984 this battalion changed its name to the Transmission Battalion. After the name change they performed their duties continuously; they watched over the transmission system from north to south throughout the country, allowing the various levels of command to communicate with each other conveniently. [Text] [Vientiane KONGTHAP PASASON LAO [LAO PEOPLE'S ARMY] in Lao 19 Sep 85 p 2] 8149/12712

SAVANNAKHET MILITARY OPERATIONS--On the subject of national defense and preservation of the peace, 3,000 youths from the province volunteered for combat duty. They went on many patrols, captured 100 weapons, and wiped out 370 of the enemy. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Jun 85 p 1] 8149/12712

MINISTRY OF DEFENSE OPERATIONS--The Youth Union support teams at the school who rework scrap iron have completed their plan for 2 months and produced 150 bicycles and 12 rice mills per year, rebuilt 51 motorcycles per month, and produced 1 sugarcane mill and 3 food-chopping machines per month. The youths who are in these units are self-sufficient in food 2 months out of the year, and the youths in the offices are self-sufficient in food 3 months out of the year. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Jun 85 p 1] 8149/12712

LOUANG NAMTHA YOUTH UNION STRENGTH--The Youth Union support units for the province have improved their organization. They have a total of 3,349 members who are divided into 258 units. They have increased their membership by 279 and recommended 32 for party membership. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 May 85 p 1] 8149/12712

PHONG SALY RECRUITMENT, SPIES--In the period 1982-84, 3,377 Lao Youth Union members from the province participated in Lao Youth guerrila units, 1,324 were policemen, and 1,324 were soldiers. They captured 150 spies. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Jul 85 p 1] 8149/12712

ATTOPEU RECRUITMENT--Recently Lao Youth Union members from the province improved the procedure for creating new organizations. They sent eight members to study both here and abroad. In addition they expanded their membership by 271. They mobilized 205 Lao Youth Union members to serve the nation. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 22-29 Jun 85 p 1] 8149/12712

VIENTIANE COMBAT--The Lao Youth Union of the province organized more defense units within the province. It mobilized young people for many patrols against the enemy, and 53 of the enemy were killed. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 22-29 Jun 85 p 1] 8149/12712

PHONG SALY SECURITY, LPRYU STRENGTH--The nation is being built, and the people want peace, enough to eat, and warm clothing; the party and state are always concerned and call on all the people to build their nation shoulder to shoulder, especially the renowned young people of Phong Saly. The young people are always resolved to repair any damage which would affect the common good. They have been able to limit the enemy to the area of the Den Din River next to the border with the Chinese great-power hegemonists. The young people in support positions assembled 1,200 kg of food, made 199 handkerchiefs, and sent these to the young people assigned as soldiers courageously defending the border. In the countryside they set up guerrilla units which were always on watch; they did not reduce their readiness to defend the nation. Even though our country is at peace a small number of the enemy have infiltrated to cause trouble and unrest, not military trouble but psychological unrest. This is why the forces maintaining the peace do not relax; they are always prepared and were able to suppress and capture 150 spies. In addition there was the work of improving the organization; this work is most important and the young people of the province must expand it. They organized a district-level grassroots conference which was 100 percent successful and included 10,955 members. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 15-21 Jun 85 p 2] 8149/12712

KHAMMOUAN YOUTH UNION STRENGTH--In order that the Lao Youth Union may increase in size and strength in this district in the first 6 months of 1985, the central committee of the Lao People's Revolutionary Youth Union of Hinboun District, Khammouan Province, undertook to improve its organization as follows: it started 6 political education groups with 4,364 participants, and it improved the Youth Union committees for 12 cantons, 124 villages, and 85 units at the grassroots level. It abolished 30 white villages. It accepted 129 from the masses who were progressive to become members of the LPRYU. Altogether there are 1,373 Youth Union members throughout the district and 584 of these are women. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Aug 85 p 1] 8149/12712

LUANG PRABANG COMBAT--In the first 6 months of this year the young people defending the nation in Luang Prabang Province did their duty and accomplished the following: in 30 skirmishes they killed 112 of the enemy, wounded 57 of

the enemy, captured 36 of the enemy, and seized 1,420 rounds of ammunition, 45 weapons, 12 grenades, 10 tons of rice, and 4 important documents. In addition, 100 young people were mobilized to move into 3 villages of Paklai District, Sayabouri Province, where they joined in and accomplished the following: they skirmished 6 times and killed 2 reactionaries while 2 others surrendered. They mobilized and moved the people of five villages. They made 10 km of roadway and transported ammunition to the battlefield 6 times using 173 workers. In addition they worked very hard on 82 vegetable plots and raised more than 50 pigs and chickens. They did all this to achieve results to honor the 10th anniversary of the founding of the republic and the 12th bounmaholan [supreme achievement]. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Aug 85 p 1]
8149/12712

CSO: 4206/41

NEW ZEALAND

LANGE PREDICTS JOB CRUNCH, ECONOMIC CONTRACTION

Auckland THE NEW ZEALAND HERALD in English 14 Jan 86 p 3

[Text]

Whakatane

The Prime Minister, Mr Lange, yesterday sketched a gloomy year for New Zealand, predicting a jobs crunch and a broad economic contraction.

Mr Lange said key economic indicators — job levels, the balance of payments, private investment and cover for retirement inflation — would worsen in 1986 before they got better.

Farmers would face more hard times as structural changes forced them to produce for the market, not for subsidies. This would hit provincial towns.

But he also forecast, as a result of Government policies, an upturn in 1987 with a fall in interest and mortgage rates.

"What we can expect in 1987 is that lower interest rates, a less volatile financial environment, clearer signals on investment opportunities and a generally more open economy will ease the adjustment to a course of lower inflation and higher growth," he said.

And, in his first public speech of 1986, Mr Lange also played devil's advocate by raising questions about the Government's role in industrial relations and asking whether it should be involved at all.

Delivering his New Year address to the Whakatane West Rotary Club, Mr Lange defended Labour's economic strategy and pledged that despite fierce lobbying from sector groups its policies would remain in place. Government strategy was working and would not be compromised.

Unavoidable

The Prime Minister's pessimistic and downbeat 44-minute speech reinforced the "hard landing" economic outlook first taken up late last year by the Minister of Finance, Mr Douglas.

Mr Lange identified the health system and race relations as two other critical areas in 1986.

Discussing the forecast economic contraction, Mr Lange said: "Now the signs of the economic slowdown are clear, and they will worsen in 1986 before they improve. I emphasise that this slowdown is expected, necessary and temporary. If we are to achieve stronger and sustainable economic growth then a period of retrenchment and regrouping is unavoidable."

He added: "It is impossible to be adamant about the economy in 1986."

Mr Lange said private consumption and investment would fall with a likely shrinkage in home building. Inflation would gradually decline, economic growth would slow and imports fall with the prospect of an improved balance of payments by the end of the year.

Rural Squeeze

"The economy as a whole is likely to contract slightly in the year to March 1987," he said. "That contraction will be uneven. Some areas of the economy will actually continue to grow."

The 230-strong Whakatane audience listened passively as Mr Lange said provincial towns would see unemployment grow faster than other regions, because of the rural squeeze.

"The Government's enduring difficulty lies in the certainty that massive intervention to maintain farm incomes or reduce regional unemployment will sink us back into the swamp of control and subsidy, which would, in the end, absolutely defeat the aspirations of all of us," he said.

Employment issues raised questions for employers and workers and these would require responses such as Project Wind Down, in Northland, where the entire community was planning for the region's future after the Marsden Pt project ended.

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CSO: 4200/638

NEW ZEALAND

SPREAD OF MARKET POLICY IN GOVERNMENT

'Radical' Bureaucracy Shakeup

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 20

[Article by Simon Collins; First in a four part series: "Supheaval Looming for Bureaucracy"]

The Government has embarked upon the most radical shakeup the New Zealand bureaucracy has ever experienced.

The complicated dismemberment of the forests, lands and environment agencies, and plans to sell off 25 per cent of the Development Finance Corporation, are only the first tentative steps.

The same principle of separating commercial from service activities, and requiring the former to earn a market rate of return, will be applied to the entire structure of Government and quasigovernment concerns.

Those deemed commercial and to be set adrift on the market, will range from such minnows as the Government cleaning service up to the whales of the Post Office and the electricity division.

Each will be set up as a separate commercial activity, most to have a board of directors appointed from the private sector.

The five principles to be followed were laid down by the Minister of Finance, Mr Douglas, in a little-noted section of his mini budget just before Christmas.

- Responsibility for noncommercial functions will be separated from major trading state-owned enterprises.
- Managers of state-owned enterprises will be given a principal objective of running them as successful business enterprises.
- Managers will be given responsibility for decisions on the use of inputs, and on pricing and marketing of their output, within the performance objectives agreed to with ministers so that the managers can be held accountable to ministers and Parliament for the results.
- The advantages and disadvantages which state-owned enterprises have, including unnecessary barriers to competition, will be removed so that commercial criteria will provide a fair assessment of managerial performance.
- Individual state-owned enterprises will be reconstituted on a case-by-case basis in a form appropriate for their commercial purposes under the guidance of boards comprising, mainly, members appointed from the private sector.

Mr Douglas said that the shakeup was aimed at "improving efficiency within the public sector."

"This will increase our ability to reduce the Government deficit, lower taxes, and provide income support and social services for those least able to help themselves," he said.

But he rejected what he called "the red herring of privatisation."

State-owned enterprises (top bureaucrats are already calling them "SOEs") will not simply be sold off to the private sector as a general policy like that advocated by the National Party's recent economic policy statement.

The fact that the Government is prepared to let the private sector fund 25 per cent of the Development Finance Corporation indicates that this does not represent a blanket rejection of at least partial privatisation.

But the Government wants to keep at least some degree of ownership and control over those enterprises which are natural monopolies in a small country, such as the Post Office, electricity and the railways.

Mr Don Hunn, a state services commissioner who is overseeing that bureaucratic shakeup, says that electricity, for example, could not simply be left to seek the highest possible profits.

"The rate of return will be a major performance objective, obviously," he says.

"But if your job is to make electricity and you decide for commercial reasons that you can get the best return on your capital if you fill, say, only three-quarters of the demand, then you have not achieved your objective, have you?

"Likewise if you are the Forestry Corporation and you are raping the countryside, who is going to be happy with that?

"There is going to have to be a trade-off between the theoretical best return and the client satisfaction of the community."

So there are clearly going to be limits to the degree of commercialisation. The Minister of Trade and Industry, Mr Caygill, says he expects that the performance objectives will actually take the form of an annual corporate plan, to be made public and debated in Parliament.

This will achieve the accountability of state-owned enterprises, the lack of which at present was criticised in a report just before Christmas by the Controller and Auditor-General, Mr Brian Tyler.

Yet the extent of the planned reform is enormous.

In purely legal terms, it will require amendments to the acts of Parliament governing virtually every state-owned agency, removing restrictions on their commercial activities, splitting off noncommercial functions into separate entities, and making provision for corporate plans and boards of directors.

Ironically, in administrative terms, although it is aimed at greater efficiency, one byproduct could also be greater complexity.

A programme setting priorities for the next two to five years is now being drawn up by the State Services Commission and the Treasury.

In the meantime, the flavour of what is involved can be seen in what has been given top priority — the whole area of environment, lands and forests.

This is largely because of a 1984 Labour Party policy promise to set up a new ministry of the environment.

However, what have emerged are no fewer than six separate agencies — two commercial and four providing conventional Government services and advice.

The two commercial agencies are:

- A forestry corporation, with a staff of around 2500, to take over the commercial operations of the Forest Service.
- A land development and managerial corporation with about 750 staff drawn from the Lands and Survey Department to run crown farm land.

They will be set up with their own boards and will be required to earn commercial rates of return.

At the same time, restrictions on their commercial activities will be lifted. Private foresters have already expressed alarm that this could allow the forestry corporation to export logs instead of providing them to local timber industries.

The noncommercial agencies are:

- A ministry for the environment, with perhaps 100 staff, to advise on environmental policy.
- A department of conservation to look after all reserves, native forests, national parks, surveying and the wildlife service, with its staff of 1800 also mostly drawn from lands and survey.
- A Parliamentary commissioner for the environment, with 15 staff, to audit development proposals.
- A possible department of forestry to take over the 500-odd staff of the Forest Research Institute and to advise on policy issues. This could become a division of the Ministry of Agriculture and Fisheries.

The working party report which produced these proposals estimated that they would involve a total increase in staff of 66, almost all in the new ministry for the environment.

Another example, which was hived off from the State Services Commission as a separate agency on October 1, 1985, is the new Government Computing Service.

It charges Government departments the full cost of their computing needs, including a 10 per cent return on its capital. Departments, in turn, are now free to buy their own computers or use private services if they are cheaper.

An advisory board chaired by someone from the private sector, with two other private sector members, two members appointed by the State Services Commission and the general manager of the service, will be set up after the first general manager is appointed next month.

Energy Ministry Reorganization

Auckland THE NEW ZEALAND HERALD in English 17 Jan 86 p 5

[Second of four article by Simon Collins: "Energy Ministry To Split Four Ways"]

[Text]

If all goes according to plan, the Ministry of Energy will have carved itself up into four new entities by April 1.

After the lands, forests and environment shake-up, the ministry will become the next guinea pig for the Government policy of "commercialising" state-owned enterprises.

Unlike the new Forestry and Land Development and Management Corporations, however, the ministry will not immediately spawn autonomous corporations.

The new entities will be born as largely self-governing divisions, still reporting ultimately to the Secretary of Energy.

There will be three commercial divisions:

- Electricity, by far the largest, with assets valued at four times those of the biggest company in the private sector.
- State Coal Mines.
- Gas and geothermal energy, including what amounts to "wholesaling" Maui natural gas to Electricity, Petrocorp and other bulk users.

All non-commercial jobs done by the ministry's present electricity, mines, oil and gas and corporate services divisions will be pulled together into a fourth policy and regulating division.

Two Roles

Between 30 and 50 of the 5000 people now working in the electricity division will move across to the new division to "regulate" their old bosses.

The Deputy Secretary of Energy, Dr Basil Walker, explains that, at present, the electricity division is both regulator and producer.

It not only generates electricity, but issues the licences which control anyone else proposing to generate electricity.

Under the new proposal, the new regulatory division will issue the licences and make other regulations to ensure that the new, streamlined electricity division does not abuse its position as an effective natural monopoly.

It will also be responsible for safety matters, such as regulations governing electrical wiring, or heaters.

Freed of its non-commercial duties, the new electricity division will be expected to earn a commercial rate of return, which at present is set by the Treasury at 10 per cent.

Last year, electricity had a 6.5 per cent rate of return. A 9.1 per cent return is being budgeted in the present financial year.

Private

In line with the Government principle that all state-owned enterprises will be given boards generally appointed from the private sector, the cabinet will consider names for a new seven-member electricity board this month.

The board will be chaired by the Secretary of Energy and will include his deputy and a State Services commissioner.

But the other four members will all be appointed by the cabinet from the private sector.

Initially at least, they will make up an advisory board, rather than a supreme board of directors.

In contrast to the forest and lands corporations, the board will not be set up by legislation immediately.

Rather, it will function legally as an extension of the Secretary of Energy. That is why he will chair the board.

A similar board will be appointed shortly for State Coal. But Dr Walker believes the ministry will be lucky if it can meet the April 1 target date for setting up a fully commercial gas and geothermal division.

Key Problem

"It is the most difficult one," he says.

"There really is a complicated mixture between trading and non-trading. We will probably have to make the split, even if it is a bit dirty to start with, just so we can get our foot in the door, and try to clean it up later."

A key problem — which will land on the table of each new board when it is set up — will be the capital structure of each new division.

State Coal has the most dramatic problem. For many years, it has borrowed from the Government to cover successive financial losses, and the interest on that accumulated debt now eats up any profit that it makes.

It believes that it could become profitable within two years if the Government wrote off that debt and provided 60 per cent of the value of its present assets in the form of share capital.

Valuation

But the electricity division would also like to write off past mistakes such as the mothballed Marsden B power station near Whangarei, so that its required rate of return can be calculated only on the value of the assets that it is actually using.

"It should start with a clean slate, so that future electricity consumers did not have to pay costs associated with previous non-commercial decisions," Dr Walker says.

Even if this is conceded, however, there are arguments over how electricity assets should be valued. A car has a market value because someone else has a use for it, but who would want a redundant power station?

A second problem for the new boards will be to determine the rate of return that each entity should be required to earn on whatever value of assets is agreed to.

The 27 per cent increase in North Island power prices last year, and the further 15.5 per cent increase on April 1 this year (22 and 4 per cent respectively in the South Island) have been justified by the Treasury's target return of 10 per cent in real terms.

But Dr Walker says the actual real rates of return achieved by private sector companies in recent years have ranged between 3 and 7 per cent.

In any case, he questions whether a target rate of return is appropriate for a monopoly such as electricity.

"In a competitive environment, the objective is to maximise profit," he says.

"But in a monopoly, where the goal is service to the public, the objective becomes cost control, and the rate of return becomes a measure of the cost of capital."

Profitable

In Britain, for example the recently "privatised" telecommunications arm of the Post Office, British Telecom, is subjected to effective cost control by a regulation requiring that its price rises must be 3 per cent below the rate of inflation.

Electricity is so profitable already in New Zealand that even with such a regulation, the new division would probably earn enough profits to pay taxes and a dividend to the Government.

In the absence of such a regulation, and if no dividends were paid, Dr Walker estimates that the division could finance its expansion entirely from its own profits within five years.

Finally, after considering their capital structure and appropriate objectives, the boards of the new divisions will have to consider whether to go one step further and turn them into completely independent corporations.

"One of the factors in favour of corporations has always been that it will create an environment in which managers are more likely to have the freedoms they need to behave commercially," said Dr Walker. In a corporation, managers were more likely to be exposed to commercial pressure.

Questioned

Britain, again, offers an example in the 1984 decision of the privatised Cable and Wireless company to take over a Hong Kong company. Government decisions often take months, if not years, but the company was able to decide in a matter of days.

But Dr Walker questions whether autonomy is the right model for a monopoly which, if it was turned into a corporation or private company, would still need to be regulated in the public interest.

Historically, officials doing the regulating have tended to adopt the views of the bodies which they regulated.

Regulations, too often, have only created distortions, with further regulations required to iron them out.

Therefore, at least initially, all three commercial divisions will continue to report — though with much more independence than they have at the moment — to the Secretary of Energy.

● Tomorrow: More upheavals for the transport industry.

Future of Transport, Communications

Auckland THE NEW ZEALAND HERALD in English 18 Jan 86 p 12

[Article by Simon Collins, third article in a four part series: "Airport Turbulence Over Government Thrust"]

[Text]

A fight over the country's airports is looming as the first serious check to the Government policy of "commercialising" state trading enterprises.

The Government wants to hand them over to companies.

But its policy in the whole area of transport and communications is coming under fire from both unions and local bodies.

The airports concerned are the 24 which are jointly owned by local bodies such as the Auckland Regional Authority and by the Government.

Last September, the Government issued a discussion paper proposing that airport management bodies should be restructured as companies, with boards of directors appointed from the private sector.

Like Air NZ

"The Government believes that airports are commercial enterprises which should be regarded in a similar manner to trading enterprises such as Air New Zealand," the paper said.

The airport companies would be expected to achieve a commercial rate of return on assets. It was noted that the average return in the private sector was 11 per cent.

They would have to pay dividends and taxes. Provision for taxing airports is already contained in a bill being considered by Parliament's finance and expenditure committee.

On the other hand, they would be allowed to set their own landing changes, which are now subject to Government controls.

But the local bodies which actually run the airports are opposed to the idea of turning them over to appointed company boards.

The chairwoman of the Organisation of Airport Authorities, Mrs Helene Ritchie, says local bodies want to take over the airports themselves, leaving the Government only its present responsibilities for air traffic control and safety.

"We have agreed that, in principle, business or other relevant interests [should] be able to be represented on any airport authority if that is necessary," she says.

"But having said that, you have to bear in mind that in some local authorities, the airport authorities are already controlled by elected people who are from the private sector. That is quite predominant."

The Government has responded with flexibility. A working party has been set up to try to reach agreement between the local bodies and the Government on "a more commercial thrust" for airports, but the Government is not insisting on companies as such.

The Minister of Transport, Mr Prebble, wants to settle the issue urgently, before financing is arranged for a proposed new domestic terminal at Wellington Airport.

Meanwhile, a similar debate is beginning over the country's 16 harbour boards.

Mr Prebble has said that the ports must be seen not as sources of parochial pride, but as commercial operations providing efficient and cost-effective trade.

"It is apparent that a conflict exists between the public nature and responsibilities of harbour boards on the one hand, and the boards' commercial responsibilities on the other," he said.

Rail Example

Several submissions on the Ministry of Transport's "on-shore costs" study last year suggested that the present system of electing harbour boards should be replaced by a commercial system in which some or all members were appointed.

But a ports industry workshop held last September to settle the issue was aborted after it was boycotted by the Waterside Workers' Union and the Harbour Board Employees' Union walked out.

The Government has continued to talk with the parties involved, but has so far failed to reach an agreement.

The Railways Corporation may offer a pointer to where the Government would like the ports to go. The corporation was set up in 1982 with a totally private sector board, now chaired by the deputy general manager of the Development Finance Corporation, Mr Murray Smith.

Urban passenger services, which are expected to incur a loss, are subsidised to the tune of $27.7 million a year through the Urban Transport Council. Long-distance services are subsidised with a direct $55 million from the Government.

The corporation is expected to make a profit on the rest of its activities, mainly freight and property.

In fact, it suffered a loss of just under $20 million last year, on top of the Government subsidies.

It is still negotiating with Government officials on appropriate profits to aim for. The issue is complicated by difficulties in working out a "market value" of assets which would be of no use to anyone else. Officials are likely to settle for a gradually improving dollar level of profits, rather than a percentage rate of return on assets.

Shipping Talks

Similar discussions are being held with Air New Zealand and the Shipping Corporation, now called the New Zealand Line, on appropriate capital structures, rates of returns and dividend policies.

Both already pay taxes and dividends when they make any profit, but their industries are volatile and the New Zealand Line suffered an $8 million exchange loss in the July 1984 devaluation.

Of all the big state trading agencies, perhaps the least progress under the new policy has been made so far with the biggest employer of them all — the Post Office.

In straight dollar terms, the Post Office is the most profitable enterprise in the country, earning $317 million last year before paying tax of $108 million and a dividend of $77 million to the Government.

PO Complex

But it is still a complex amalgam of profitable telecommunications, postal and savings bank sections, a loss-making agency for electoral rolls and other Government services, and advisory and regulatory branches.

For social rather than commercial reasons, it provides telephone and postal services to the most remote parts of the country at the same prices as in central Auckland.

It is a "natural monopoly" to the extent that no one else is likely to be able to afford to duplicate its costly network of telephone lines and exchanges.

Yet increasingly it is coming under competitive pressure, both from private courier and air parcel companies in the postal area, and from computer companies in a business which is seen as "converging" with telecommunications.

Late in September, the Postmaster-General, Mr Hunt, appointed two teams of private management consultants to review the structure of both the Post Office and its savings bank.

One of the consultants, Mr Michael Morris, says the review did consider turning the Post Office into one or more corporations. But he sees "no particular need" to take that course.

Keep Revenue

It is likely that the Post Office will eventually be allowed to keep its own revenue after paying taxes and dividends, rather than being allocated a "vote" out of the annual Government budget.

But more fundamental issues, such as allowing the private sector to sell and install telephones and computer terminals, seem likely to be left for the future when the review teams report to Mr Hunt next month.

One such issue, which has been left to the Royal Commission on Broadcasting, is whether regulatory and advisory work from both the Post Office and broadcasting should be shifted to a suggested department of communications.

The royal commission is due to report by June 30.

Any such radical change, whether a new department or Post Office corporations, will run into blanket opposition from the Post Office Union.

Union Objects

Its secretary, Mr Ron Burgess, sees any such change as dangerous because it would set the Post Office up in a form which could be easily sold off to the private sector if a Government committed to "privatisation" was elected.

"I do not think you can run an operation like the Post Office on purely commercial principles," he says.

"You have to run universal mail and telephone services on the basis of providing a service, not making a profit."

User-Fees Policy

Auckland THE NEW ZEALAND HERALD in English 20 Jan 86 p 5

[Article by Simon Collins, last of a four part series: "Time for More Users To Pay"]

[Text]

"Users" will have to pay for many previously free public services, under the new Government policy of "commercialising" state enterprises.

The big trading organisations such as the Forest Service, Electricity and the Post Office are just the first and most obvious agencies to be placed on a fully commercial basis.

They are already charging for their services anyway. The policy will merely aim to make sure they operate and set their charges in the most economic and efficient way.

But officials are already working on applying the same policy to departments which have never charged for most of their services at all.

Nothing Sacred

The weather office, Department of Scientific and Industrial Research, Tourist and Publicity and Ministry of Agriculture and Fisheries are among those either already charging, or about to charge, people who use some of their services.

Union officials like Mr Peter Harris of the Public Service Association worry that health, education and social welfare could be next.

"Theoretically, there is no reason why anything is sacred. That is why it is such a major issue for us," he says.

Apart from the big trading organisations, the first experiments have been in departments where the major customer is the Government itself.

For the past three years, the Government Printing Office has been financially self-supporting, under an advisory board comprising two people from private business and two retired public servants.

It earned a 5 per cent rate of return on its assets last year, and plans to increase that to 6.8 per cent this year, 8 per cent in 1986-87 and 9 per cent in 1987-88 by raising its charges to the Government or cutting costs.

The Tourist and Publicity Department's travel offices (formerly the Government Tourist Bureau) are separating out the cost of providing free information on New Zealand to tourists from the cost of selling them tours.

They are likely to make the tours financially independent, without the need for an allocation from the Government budget, later this year.

Art Work

The National Publicity Studies have adopted a timetable under which their clients in other departments will pay 100 per cent of the costs of their art work or photography by 1988-89, and eventually a 10 per cent return on top of that.

The National Film Unit has been given a similar three-year programme to match revenue to expenditure, starting on April 1 this year.

On the same date, the Government Office Accommodation Board will start charging all departments the full cost of their offices.

Departmental heads will be given the authority to shift to better, more expensive offices if they want to — but they will have to find savings from other parts of their budgets to pay for it.

One department chief has already asked to shift a Wellington head office from a building costing $200,000 a year into one costing $500,000 a year.

The State Services Commission says that under the new policy it cannot stop the shift. But the department will not get any more money to pay for it.

Similar principles are gradually being applied to other internal service agencies such as the Government Cleaning Service and, in the future, the Ministry of Works and Development.

A second group where experiments are beginning is the Government's stable of financial institutions.

Some, such as the Bank of New Zealand, are already no different from private banks, with a board of directors and paying taxes and a dividend to the Government.

Others, such as State Insurance and the Public Trust Office, do not have boards of directors but have run for many decades on an otherwise normal commercial and profitable basis, and are unlikely to be changed.

But the Rural Bank, which was separated from the social service-oriented Housing Corporation only in 1984, is still negotiating the rate of return it will have to earn when it loses the right to borrow from the Government on April 1.

The Government Life Insurance Office has gone further and asked for legislation to move it out of the state services, allowing it to pay whatever it needs to attract specialist financial staff.

It sees a "blurring" of finance companies, with banks now getting into the insurance business. It wants the power to branch out, too, into other financial services.

Salary Scales

The Development Finance Corporation has also asked to be freed of the requirement for its salary scales to be approved by the State Services Commission, with the top salary being set by the Higher Salaries Commission.

But a member of the State Services Commission, Mr Don Hunn, is wary of these requests.

"The commission tends to think still that it is wise to retain certain control influences in establishing salaries," he says.

"You are dealing with great public assets, and you are trying to obtain certain standards of conduct and ethics in the state sector. Also, you do not want to give wrong signals to the private sector."

He points out that the hard decisions on the new policy, including which enterprises will be set up as independent corporations and which retained within departments, have still to be made.

But the fact that the Government is not prepared to come up with extra capital for the Development Finance Corporation, directing it to the sharemarket instead, points towards eventually going beyond even state corporations.

If it makes sense to go to the private capital market for the DFC, it is likely to make sense for others, too.

Mr Murray Smith, the deputy general manager of the corporation, and the new chairman of the Railways Corporation, believes that that is the logic of "Rogernomics."

Big Gap

"The Douglas analysis is that the real impediment in the economy was the level of the internal deficit," he says.

A big gap between the Government's spending and its income meant that it had to pay higher interest rates to borrow the money it needed to cover the gap.

It also meant it had no scope for spending more or cutting taxes in a recession to prod the economy back on to an upward path.

To close the gap, the Government had to cut its spending in as many areas as possible — "so institutions like the DFC who can row their own boat should get out and do so."

"We have geared our operation to achieve the dual results of acceptable performance against social objectives and earning a commercial profit," says Mr Smith, a former Labour MP for Whangarei.

"Surely that has to be what the Government wants. It gets the best of both worlds."

But he has failed to reassure Mr Harris of the Public Service Association.

He points to a promise in Labour's 1984 election policy that "Labour will not sell existing profitable state operations and assets to private enterprise," and "nor should profitability be enhanced at the expense of individual New Zealanders requiring basic services."

The Government proposes that service objectives, such as providing power or telephones to all New Zealanders at the same price, will be written into "corporate plans" for state enterprises alongside required rates of return.

But Mr Harris worries that many services will be too subtle for such a procedure.

"If you are running a state forest system, for a little extra cost you can allow your system of huts and tracks to by used by trampers," he said.

Like Pendulum

"Why go to those extra lengths if you are running on commercial lines? Keep the trampers out — they are not economical."

Whether in fact it comes to that remains to be seen. Mr Hunn of the State Services Commission takes a longer-term perspective.

"When you are trying to restructure the economy it is absolutely essential that the public sector should be moving in tune with the private sector," he says.

"When you have done that, and if you see then that there has been too much emphasis on the economy, I can anticipate that, talking 20 or 30 years away, the pendulum could swing the other way."

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CSO: 4200/644

UNION PRESIDENT ON LAYOFF PREDICTIONS

Auckland THE NEW ZEALAND HERALD in English 10 Jan 86 p 3

[Text]

The president of the Federation of Labour, Mr Jim Knox, yesterday reacted angrily to claims that high wage increases are to blame for growing job losses.

He said attempts to link the two were dishonest.

"Only nine days into the New Year and already we are seeing the beginning of another organised campaign by the employers to con the public into believing unemployment is all the workers' fault," Mr Knox said.

He was commenting on suggestions in industrial circles this week that thousands of workers employed throughout New Zealand would be laid off within two months.

Sources say that at least 40 firms have made plans to lay off workers.

And the Employers Federation said on Wednesday that high wage settlements of around 15.5 per cent were responsible for much of the predicament.

But Mr Knox said that the employers knew as well as the FOL that their claims were untrue.

"Working people have been making continual sacrifices for four years. Even with this wage rise, wages — especially for the low paid — are well behind prices.

"Companies, on the other hand, have enjoyed a record profit boom."

Mr Knox said unemployment was at its worst in the middle of the wage freeze, a period when there were no pay increases.

"Well before the wage round began, commentators — and even the Government's official papers to the tripartite talks — were predicting higher unemployment in 1986 as a result of deliberate policies to depress economic growth."

Mr Knox, a member of the Railways Corporation board, also hit out at suggestions that new railway fare rises are being caused by wage increases.

"It is not correct to accuse railway workers of causing the increase," he said.

The Opposition finance spokesman, the Hon Bill Birch, said yesterday that the "open slather" economic policies of the Minister of Finance, Mr Douglas, were responsible for the prospect of thousands of lay-offs early in the year.

He said Mr Douglas' policies showed a lack of overall objectives and economic direction.

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CSO: 4200/638

NEW ZEALAND

COMPANIES PREDICT MASS LAYOFFS

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 1

[Text]

Scores of New Zealand companies say they expect to lay off workers this year.

An Employers' Federation survey of 600 firms showed that 132 — or 22 per cent — saw the need for redundancies because of settlements being reached in the wage round.

And 54 per cent of the 600 companies say they will not be replacing staff as they leave.

The survey results were released by the federation yesterday.

Four questions were put to the 600 companies last month.

One of the questions asked the participants: given the settlement in the current wage round, what do you foresee?

Profit Slide

Twenty two per cent said they could see redundancies occurring, 83 per cent predicted a decline in profits, 54 per cent said staff would not be replaced, 40 per cent said turnover would decline, while 36 per cent believed overtime hours would be reduced.

Thrity per cent of those polled said their staff numbers had decreased in the past 12 months, 28 per cent said numbers had increased, while 42 per cent said they had stayed the same.

Interest Rates

A third question asked: which of the following proved to be a major constraint on your business over the last year? Sixty-nine per cent replied interest rates, 50 per cent domestic demand, and 47 per cent named skilled labour.

Thirty-six per cent of the firms polled said their profits had decreased in the past year, 31 per cent said they had increased, while 33 per cent said they had stayed the same.

The federation's director of communications, Mr Alan Emerson, said the 600 companies were selected at random from the total membership list of 1500.

He said all 600 had replied to the questionnaire which was sent to them on December 10.

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CSO: 4200/638

NO IMMEDIATE IMPACT EXPECTED FROM EUROPEAN IMPORT CUT

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 2

[Text]

A vote by the European Parliament in favour of cutting imports of New Zealand lamb will have no immediate practical effect and could have been a lot more forceful.

Two hardline amendments to the resolution, one proposed by French Communists and the other by the Agriculture Committee, were defeated.

The Euro-MPs have adopted a report which points out that New Zealand has increased its exports of sheepmeats to the European Community following the introduction of a new sheepmeat regime in the early 1980s.

The report, by Italian Communist Carla Barbarella, said New Zealand had raised its exports to Europe to meet its quotas, and that if all countries with quotas did that, the Community would be flooded.

But the Minister of Overseas Trade and Marketing, Mr Moore, said yesterday that New Zealand did not have to accept the call by the European Parliament — a body with no legislative powers — for a cut in sheepmeat exports.

"In fact, we can draw satisfaction that some of the views in the European Parliament, which are more adverse to New Zealand, were not incorporated in the resolution," he said.

Reneging

A spokesman for the Ministry of Foreign Affairs said the French Communists' amendment had been aimed, in effect, at reneging on tariffs binding on sheepmeats.

And the Agriculture Committee amendment proposed moves to respect the principle of common preference to try to preserve the balance of the community's internal market.

The spokesman said the committee had wanted to make it possible to reduce the costs of supporting the community sheepmeat market "which is all the more excessive, given that sheepmeat production is substantially in deficit."

Influence

The report was approved by 80 votes to 31, with 30 abstentions. With the accession of Spain and Portugal from January 1, the Parliament now has 518 members.

But it is a body which has influence in Europe, rather than power. The spokesman said: "It is one weathervane of popular opinion."

Mr Moore described the impact of the resolution as "not as bad as some people first thought," saying it would have no immediate practical effect.

"The resolution," he said, "points to predictable problems New Zealand has always faced with the European Community."

Miracle

Mr Moore said the struggle would continue on every front on the question for access for sheepmeat, and that he expected to be in Europe several times this year.

In spite of the efforts of former National and Labour ministers, access had dropped by 50 per cent over the past 10 years.

"To do what Sir John Marshall, Brian Talboys, Joe Walding and Warren Cooper could not do would be a miracle, but no effort, energy or new idea will be spared," he said.

The Opposition overseas trade spokesman, the Hon John Falloon, said the European Parliament was in for a rude shock if it believed it could get away with reducing existing quotas on our sheepmeat.

He said New Zealand was strongly opposed to Europeans imposing quotas on our trade and that the Labour Government had failed to convince European Community leaders of New Zealand's aborrence of trade restrictions.

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CSO: 4200/638

NEW ZEALAND

GOVERNMENT DEFICIT PUSHES UP INTEREST RATES

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 3

[Text]

Interest rates were pushed higher on money markets yesterday after the announcement that the Government spent nearly $3 billion more than it earned in the eight months up to November.

Interest rates on 90-day commercial bills rose to around 22½ per cent, a rise of more than 2 per cent in a week.

They could be forced even higher when the terms for the January Government stock tender next week are announced today.

The Government announced a borrowing programme last month which implied that it would need to borrow $300 million in the January tender, to fully cover its projected deficit for the 1985-86 financial year of $1.6 billion.

But the Treasury revealed yesterday that the deficit reached $2991.2 million in the eight months to November alone.

Expenditure was up by 18.7 per cent to $11.4 billion, but revenue was up by only 16.2 per cent to $8.4 billion.

Consequent

Officials said the figures were still "on track" for a deficit of only $1.6 billion by March, with about half of the total income tax revenue due in the last three months of the financial year.

But the money market now expects the deficit to be closer to $2 billion, with a consequent need for the Government to borrow more money — and push up interest rates.

An economic forecaster, Dr Gareth Morgan, said that if the Government's tight monetary policy was to remain credible with a rising deficit, the January tender could have to be as high as $400 million, with perhaps an additional tender later.

This would force interest rates up even further, and make it even less likely that the fall in money market rates late in 1985 will be passed through into mortgage rates.

Budget

The figures show that Government spending is continuing to accelerate.

The budget provided for a 13.5 per cent rise in net spending for the financial year as a whole.

In fact, spending was up by 14.6 per cent in the five months to August, up 16.3 per cent in the seven months to October, and now up 18.7 per cent to November.

Administration spending was up by 28.6 per cent compared with an original budget increase of 22.3 per cent.

Picking Up

Spending on education, social services, transport and communications were all above budget, while foreign affairs and defence were below budget.

The biggest single incrase was for paying the interest on and repaying Government debt — up 43.3 per cent because of higher interest rates.

Meanwhile, revenue is picking up, though it is still providing less than the budgeted increased of 28.4 per cent.

It was up by 11.6 per cent to August, 14.2 per cent to October, and now 16.2 per cent to November.

Revenue from customs duty was down by 5.5 per cent, as the rising value of the kiwi dollar reduced the local value of imports. Revenue from duty had been budgeted to rise by 24.6 per cent.

The decision just before Christmas to make hundreds of items duty-free, at a cost of $60 million in a full year, will cut income from this source even further in the rest of the financial year.

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CSO: 4200/638

AUCKLAND WOOL PRICES FALL

Auckland THE NEW ZEALAND HERALD in English 18 Jan 86 p 2

[Text]

Prices fell yesterday at the first Auckland wool sale held this year. It was held in Wellington.

Compared with the sales of Wanganui and Wellington wool earlier this week, better quality fleeces were slightly cheaper and poorer quality second shear and lambs' wool fell by between 2.5 and 5 per cent.

In general, prices at the sales held so far this month have been below those reached at the end of last year.

Industry sources attributed the decline to two main factors — the large amount of wool now coming forward and the strengthening of the New Zealand dollar.

They said the scarcity of the fibre earlier in the season kept the prices up. This was particularly true of the poorer quality second-shear offerings, which had not come on to the market in any quantity until this month.

Meanwhile, the official report on the Christchurch wool sale yesterday said most fleece wools remained steady in price compared with prices at recent sales.

However, the stronger end of the halfbred-Corriedale wools, in the 28 to 32 micron range, were up to 5 per cent cheaper than at the last Christchurch sale of 1985, on December 20.

The Wool Board activity at the Christchurch sale yesterday was minimal. It bid on 1062 bales of the 19,816 bales and had 188 bales, or 1 per cent, sold or passed to it.

The market indicator at the Wellington and Christchurch sales was 457 clean and 340 greasy.

The following are clean-on-floor prices at Wellington in cents.

Medium crossbred hogget, 35 micron, 110-120mm: average/good, 464c to 466c. 37 micron 110-120mm: average/good, 462c to 464c; average, 462 to 463c.

Second shear fleece, 37 micron, 75/100-75/125mm: average/good, 453c to 462c; average, 439c to 450c; 37 micron 50/75-50/100mm: good, 451c to 461c; average/good, 426c to 431c; average, up to 418c.

Crossbred fleeces, 33 micron, 75/125mm: average/poor, 379.

First lambs, 28 micron, 35-25/75mm: average, 432c to 444c; average/poor, 419c to 426c. 29 micron, 25/75-50/75mm: average, 433c to 452c; average/poor, 419c to 429c.

30 micron, 50/75mm: average, up to 448c; average/poor, up to 432c.

Second lambs, 28 micron: average/poor, 318c to 388c.

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CSO: 4200/638

NEW ZEALAND

DEFAULT PROMPTS CRITICISM OF RESERVE BANK

Auckland THE NEW ZEALAND HERALD in English 18 Jan 86 p 3

[Text] The Reserve Bank came under fire from all sides yesterday for allowing a default on Government stock tenders which could cost the taxpayer an extra $3 million a year.

Money-market dealers said that a small, one-man dealer like Rakiura Holdings should never have been allowed to make a successful bid for Government stock worth $100 million without good security.

Rakiura told the Reserve Bank on Thursday that it could not pay for the stock by the due date, yesterday.

The president of the Finance Houses Association, Mr Chris Lynskey, said the Reserve Bank would have to consider reintroducing a requirement to put up some deposit, however minimal, for large bids.

"Even a $1 million deposit on a $100 million tender would be worthwhile, provided the Reserve Bank was obliged to pay a market rate of interest on it," he said.

"I think the Reserve Bank from here on out will be taking a lot more care to make sure bidders can come up with the money.

"But there is a dilemma.

"They can tighten up and say only approved dealers can tender. But that puts those parties in a privileged situation.

"I think procedures have to be tightened up, but not to the extent of killing the thing."

A dealer in a major Wellington finance house said that the Reserve Bank should have known that a small, one-man broker like Rakiura "just does not pull in the sort of institutional or offshore interest" to spend $100 million.

Homework

"We are bigger than him [Rakiura], but we are on a smaller scale than $100 million," he said.

Another dealer said that the Reserve Bank should "do a little more homework." This would have told it that Rakiura was only a part-time dealer.

A third dealer accused Reserve Bank officials of having "no practical experience whatsoever."

"They are just sitting in their ivory towers. They would not have talked to one corporate in the last year," he said.

"I personally do not think the Reserve Bank has the qualification to assess a credit risk on players in the marketplace. They are commercially naive," he said.

Dealers said the bank was lucky that Rakiura did not go ahead and give them a cheque for the $100 million worth of stock, and then sell it for perhaps $80 million before the cheque bounced, and salt the $80 million away in a Swiss bank, which was quite possible since the abolition of exchange controls a year ago.

As it is, the governing director of Rakiura, Mr Brian Alexander, notified the bank that he could not pay for the stock, so it was never actually taken up.

The only loss to the bank comes from the fact that, since the tender in mid-December, interest rates on the stock have risen by about 3 percent, from 16.69 percent to between 19.5 and 20 percent.

Interest Bill

This means the Government and, ultimately, taxpayers will have to pay an interest bill of about $3 million a year more than they would have had to pay on the stock if it had been bought in December.

Over the life of the stock, which matures in 1991, the higher interest bill is assessed in technical "present value" terms at $10 million.

However, the chief manager of financial markets for the Reserve Bank, Mr Kerry Morrell, said last night that it would not be administratively feasible to check the security on every bid in a stock tender.

"The tenders are processed in a very short space of time," he said.

"The reason we have a system of registration and exemptions [for dealers] is really so we do not have to deal with these issues at every tender.

"It is like a driver's licence. They give you one and trust you will remain competent for the next few years."

Mr Morrell said that the bank could not inquire into the private business of a broker to find out the institution on whose behalf a bid was made.

He confirmed that there was nothing to stop a broker selling Government stock in the market before it had actually been paid for in the first place. Indeed, stock was often traded before a tender had even been held.

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CSO: 4200/638

MCLAY'S POLICY YEAR OPENS WITH RESHUFFLE

HK250840 Wellington THE EVENING POST in English 20 Jan 86 p 16

[Article by political reporter Tim Grafton]

[Text] Last year was for getting National back on the "philosophical rails;" 1986 will be a year for policy, Opposition leader Jim McLay has told the POST.

Looking to his party's priorities for 1986, Mr McLay revealed a caucus reshuffle will be first on his hit list.

Getting his party's policies across will involve going over the heads of the media. Somewhat disquieted by media coverage of National's intention last year to abolish GST Mr McLay said the party would embark on widespread pamphleterring explaining National's position on key issues.

Two pamphlets -- on where National stands and one interest rates -- have already been produced. A third is being readied for publication.

The economy will be the single most important issue for National to concentrate on this year. Though ANZUS would continue to gain much attention, it would not be an issue to decide an election, Mr McLay said.

"When you've got the Prime Minister preaching doom and gloom and the minister of finance and his associates effectively admitting that what was projected as a deficit for 12 months, d1.3 billion, may in fact be the deficit for just 6 months, there is enough to argue about for a long time," Mr McLay said.

On the economy, National will come out with its alternative to GST in the latter half of the year. Government spending will be another area to receive a great deal of attention.

Mr McLay said government spending was the key to real tax reform; less government spending and therefore less taxation. Mr Douglas was not reforming taxation, but would end up taking more tax than any other previous finance minister.

Privatisation was one aspect of National's approach to cutting spending, but it was not a magic formula. Experiences in government in the late 70s and early 80s now meant a more sophisticated approach was needed to control government spending, he said.

Drawing upon his own approach as justice minister, McLay said every single function of every department would be reviewed under National to answer three key questions.

Do we still need to do it?

Are there better or more efficient ways of doing it?

Is there someone out in the private sector who can do it better and cheaper?

Education was another area that would receive considerable attention. The current minister was still fighting the "wars of the 50s and 60s" while National would be stressing education as a future investment.

In foreign affairs and defence, the disarmament side of the equation would become increasingly important, he said.

On the industrial relations front, National's commitment to breaking the award system as a means of tackling inflation would be continued.

While Mr McLay did not discount the prospect of a snap election in 1986, he believed Labour would have difficulties if it did. Among these would be the problem of selling it to the public without appearing to be political opportunists, as National may have seemed in 1984.

An election before GST [expansion unknown] if introduced in October would make it an election on that issue.

"Mr Lange might be prepared to risk an election on that basis, but Mr Douglas wouldn't want it," he said.

An election late in the year, say November, in order to return to the traditional election cycle, would be done against a background of rising inflation and high interest rates, he said.

However, if one were called, National would be ready with a manifesto within 48 hours. During 1986 crucial marginal seats would be targeted by the party.

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CSO: 4200/642

UNION LEADER RETURNS FROM USSR, COMMENTS

Wellington THE EVENING POST in English 22 Jan 86 p 8

[Article by Penny Harding]

[Text]

Trade union leader Ken Douglas left New Zealand on November 22 headed for Moscow's Central Hospital.

Plagued all year with pain from his gall bladder and associated stomach complaints, Federation of Labour secretary Mr Douglas took sick leave from the job that caused the trouble to spend nearly eight weeks in a Soviet hospital and sanatorium.

His medical treatment had been offered by the Soviet trade union movement. He went there as its guest and like Soviet citizens and other foreign visitors, his treatment was free.

Back from the Soviet Union since Sunday night — minus his gall bladder — Mr Douglas said he had decided against medical treatment in New Zealand.

His condition was not seen as physically acute and he would have had to go on a waiting list for surgery and then be prepared to drop things at the last minute to enter hospital when a bed became available.

He said that the nature of his job made that difficult. Private hospital treatment was not an option. He could not afford that and he did not have medical insurance.

Mr Douglas was admitted to Moscow's Central Hospital on November 26 but it was several weeks before his operation on December 19.

"In that period I was having a total examination. I was having ultrasonic treatment of the stomach and a diet regime to ensure that any erosions of the stomach were healed before the operation," he said.

The operation was successful and he was discharged from the hospital on New Year's Eve to a Moscow sanatorium where he recuperated until January 16, three days before his return to New Zealand.

The whole episode was very nearly a repeat of Mr Douglas' last trip to the Soviet Union a year ago.

Then, also a guest of the Soviet trade union movement, Mr Douglas underwent tests and treatment and was offered a gall bladder operation.

"They advised me to have it done, but I couldn't really afford the time," he said.

He comes back with the same intentions — to eat regular meals at regular times, to avoid fatty and fried foods, to lose weight and to try to run 10kms a day.

"I have lost a bit of weight and I'll lose a bit more."

Mr Douglas said the Soviet medical system was based on the prevention of sickness and integrated traditional and modern treatments with diet and exercise.

He said that it was treatment that fully involved the patient in what was happening, but no complaint was treated in isolation.

Mr Douglas said he saw evidence that the new Soviet regime was moving to involve ordinary citizens in planning the country's future development.

He said in preparation for the February congress of the Communist Party, the agenda had been circulated throughout the country for suggestions and amendments from ordinary people who were not party members.

"There is a real drive to improve the quality of their present production. The emphasis is changed from the quantity of production to the quality of production," he said.

Mr Douglas was in Moscow at the time of the release of Soviet leader Mikhail Gorbachev's timetable for banning nuclear weapons by the year 2000.

Last week Mr Gorbachev announced a 15-year timetable for banning nuclear weapons and extended a Soviet freeze on nuclear testing by three months.

Mr Douglas was asked to comment on the proposal on Moscow radio.

"I said the proposal identified a major area of concern for people in New Zealand and the peace movement."

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CSO: 4200/638

SOUTH AFRICA CANCELS PARTICIPATION IN POLICE CENTENNIAL

HK280140 Hong Kong AFP in English 0123 GMT 28 Jan 86

[Text] Wellington, Jan 28 (AFP)--A group of South African police has been forced to cancel plans to take part in New Zealand's police centennial celebrations by fears of anti-apartheid protest action, a police official said today.

Sergeant Brian Walkinshaw, the New Zealand president of the International Police Association, said his organisation feared strong protest action if South African police had appeared on New Zealand streets in their national uniforms.

He said the international police section of the centennial celebrations included "a street parade in which 600 international police will parade in their national uniforms."

"The prospect of South African police in their national unifroms was we felt, unacceptable, and probably have created attention from the anti-apartheid movement."

Sergeant Walkinshaw said the association's concern arose from "what happened during the Springbok tour of New Zealand in the early 1980's" in which thousands were arrested during near-riot protests against the South African rubgy team.

He said the South African police contingent had agreed to call off its participation in the celebrations once the situation had been explained to it.

Sergeant Walkinshaw said anti-apartheid protest action could have caused "considerable embarrasment" to the association, "the (New Zealand) police administration and the New Zealand Government."

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CSO: 4200/642

NEW ZEALAND

BRIEFS

REACTION TO U.S. POLITICIAN"S VISIT--Politicians and diplomats in foriegn countries must keep a balance between what is acceptable and what is not. In 1967 for example, President de Gaulle intruded grossly into Canadian affairs when he cried to a Montreal crowd: "Vive le Quebec libre!" But lawlessness, subversion and meddling aside, visitors to a country should be free to express views and speak to interested parties as they wish. A visiting United States politician, Mr Stephen Solarz, finds himself criticized by an anti-nuclear group for visiting a polling organisation in Wellington. A spokesman says that the meeting is a most irregular thing for a visiting politician to do. Why? Mr Solarz is doing what any fact-finder should do by going directly to sources. He is meeting a variety of people. It may be hoped he will also meet anti-nuclear protestors, though to judge from their claim that he is seeking to manipulate opinion, the usefulness of approaching that quarter may not be great. In August, Mr Lange invited American officials to "have a go" at changing New Zealand opinion. Mr Lange has had a few goes himself in the United States. How infinitely more sensible than the carping nonsense aimed by protesters at Mr Solarz. [Editorial: "Nothing Wrong With Asking"] [Text] [Auckland THE NEW ZEALAND HERALD in English 17 Jan 86 p 6] /12640

CSO: 4200/642

PHILIPPINES

FRG REPORTER ON MINDANAO NPA, BIAZON REFORM HOPES

Munich SUEDDEUTSCHE ZEITUNG in German 23 Dec 85 p 3

[Article by Verena Stern: "When the Awful Sparrows Come--The Bloody Fight for the Support of the Poor in the Philippines--Atrocities and Tributes Increasingly Cause the Communist Guerrillas Also To Lose Support in the South of the Archipelago]

[Text] Davao, December--As far as her former comrades are concerned, 18-year old Windy is a "demonyo." That means that the "sparrows" are looking for her in order to liquidate her. Windy is fully aware of it, having herself been a member of such a "sparrow commando" a few months ago. Its job is to dispatch to kingdom come anyone who is considered a "traitor." As Windy knows from personal experience, in many cases the slightest suspicion is enough. She herself, she claims, participated only once in "calling in blood debt," though she carried a pistol in all her missions and was versed in firing it. But when it came down to putting a bullet close up through the head of a 29-year-old woman whom Windy and her three comrades had intercepted on her way to her village, Windy says she suddenly felt "inhibited," and the boys had to the job on their own. They killed the woman very slowly with their knives, stab by stab--first into her legs, then into her shoulders, then into her lower abdomen, and finally into her heart. Afterwards, Wendy claims to have learned, it turned out that the woman they had killed had not been a traitress at tall but only a little "cracked"--not quite right in the head.

We asked Windy whether she did not have to listen to reproaches by her comrades, after the bloody deed since, according to the rules, each person must equally share in a murder so that no one can betray the rest. Windy shakes her head in a way which does not make it appear quite credible that she did not participate in the deed. But we do not like to press her any further, considering that she has to struggle with her conscience as it is. When she left herself be recruited, she swore to serve the "Anak Balhas," the people working by the sweat of their brow and not earning enough to feed their families.

Actually the commandos, on would even take something away from these poor people by unabashedly sitting down at their table and sharing their frugal meal, and, on top of that, levy "taxes for the revolution" on them--2 pesos (about 30 pfennigs [12 cents]) per capita per month and 1 ganta (2.2

kilograms) of rice. For the poor families with their 10 or more children, this added up to 10 percent of their monthly income. And if the villagers could not or would not pay, the guerrillas took someone from their midst and cut him down before the eyes of the rest. As a warning and deterrent.

Khmer Rouge as the Exemplar

This really was not what she had imagined the fight for the rights of the poor to be like, Windy says. In the end she was glad she was taken prisoner, during a search for communist terrorists, in the hut of a supporter where she was bedridden with fever and smallpox. The comrade watching over her had grabbed her pistol in the last minute and fled. Now Windy does not know what will happen. She would like to finish school, having dropped out "because of the revolution." That won't work "because of the sparrows," who are after her because she is a "traitress to the movement." Windy now has her hopes out for a program of "rehabilitation" for which the Philippine Government has put aside the equivalent of 7.5 million Deutsche marks [about $3million]. With this money all those abjuring the Communist Party of the Philippines (CPP) and its fighting arm, the New People's Army (NPA), are to be rewarded and provided with jobs and a new identity.

Windy as well as her comrades Janice and Bongbong are among the defectors of a movement which today is considered the fastest growing communist organization anywhere. It was founded with 60 men and 35 guns on 1 May 1968. Today, according to data issued by its underground organ ANG BAYAN (The People), it numbers "12,500 full-time revolutionary guerrillas and 18,000 supporters" who "are fighting in 59 sectors of the front." The objectives of this movement, as Janice and Bongbong describe them to us, recall the kind of "stone age communism" the Khmer Rouge introduced in Kampuchea in 1975. Abolition of money and private ownership as well as utter frugality. Whatever is harvested and produced in the country is to be distributed equally among all inhabitants. The needs of the individual are determined by "the leaders." Nothing is to be exported or imported any more, the country being considered rich enough and deemed able to "satisfy the needs of all its inhabitants."

The communist revolution of the Philippines, conceived in 1968 by lecturer in literature Jose Maria Sison as a peasant revolt on the Maoist pattern, now threatens to be stifled by its own concept and the number of supporters. The concept provided for the establishment of guerrilla bases on all major islands of the archipelago and for tying up the Army at several fronts with a view to wearing it down bit by bit. This planned decentralization now entails the danger of dismemberment. The concept worked as long as the communist movement consisted predominantly of well educated and ideologically motivated students and intellectuals who had a firm grip on their local cadres. As a result of the economic decline of the Philippines since the early eighties, however, the movement was joined by people who in former times would have joined bands of gangsters--school drop-outs, unemployed, and children of landless peasants. Not prepared to rough it in the jungle or in the mountains in order to realize an ideological concept, they are seizing now what the revolutionaries promised them in the case of victory: equal rights for all. Local guerrilla leaders occasionally behave like high-handed provincial potentates who decide over life and death.

The enormous rush to the CPP confronts the party with almost insoluble problems. Not only is the CPP the fastest growing revolutionary movement anywhere; it is also--at least so far--the only such movement not to receive any kind of support from abroad. "Our fighting organization has increased by leaps and bounds," states the party organ ANG BAYAN in its October issue, "but our financial and logistical needs cannot be adequately satisfied by the mass base." They have to, however, and as a result the revolutionary-tax screws is being tightened more and more. This in turn leads to resentment among the population, which itself is in economic straits and does not have enough to eat. So far the peasants have regarded the revolutionaries as protectors against the excesses of undisciplined and miserably paid soldiers and police who took their misery out on the rural population by stealing food and levying illegal road taxes.

"The tide is beginning to turn," says Colonel Rodolfo Biazon, commander of the 3d Marine Brigade on Mindanao, the southermost Philippine island. As an example, Biazon cites the village of Tamugan, north of the capital of Mindanao, Davao. In that village, the Communists took in 15,000 pesos (about 2,300 Deutsche marks) month after month. Some months ago the villagers refused to continue to pay the revolution tax. Thereupon the guerrillas of the NPA called all the villagers together, grabbed the parson, a teacher, and the bookkeeper and shot the three before the eyes of the population. The executions were meant to intimidate and to nip any resistance in the bud, but they caused such indignation among the villagers that they turned to Col Biazon and asked him to provide some marines for their protection. As many as 42 villages followed the example of the people of Tamugan. "This shows," says Col Biazon, "that the people do not support the NPA voluntarily but are forced to do so by acts of intimidation.

The Communists claim that of the country's 42,000 villages almost 2,000 are firmly in their hands, but these CPP strongholds can be taken by military assault at any time. As a result they must be sure that when the enemy approaches no one is ready to cooperate with the enemy. Potential collaborators are liquidated in good time.

Nor is there any fuss made with critics. During an illegal transport strike in the provincial capital Davao in May, radio reporter Charlie Aberilla was shot and killed by a "sparrow commando" while he was broadcasting a commentary critical of the strike staged by Communists. Millions of listeners witnessed Charlie's death rattle on their radio sets. A little later guerrillas fired at a bus which had ignored the transport ban, killing four passengers including a mother holding an infant in her arms. "Such acts of violence now have caused an anti-NPA attitude among the people," claims General Jaime Echeverria, commandant of the 11th Military Region on Mindanao; we notice that because we not more frequently get hints from among the population of Communist activities, enabling us to take specific actions."

Nowhere have the Communists gained as much influence as on Mindanao, the southernmost and second-largest island of the Philippines. Regarded as the "Promised Land," it has attracted people from all parts of the Philippines. Lying south of the typhoon belt, the island is extraordinarily fertile. It has lumber forests, mineral such as copper nickel, silver, and gold, and is surrounded by water rich in fish. However, the agricultural wealth is predominantly exploited by U.S. concerns maintaining large pineapple, banana, cocoanut, and rubber plantations, the minerals are mined by mining companies with headquarters in Manila, and the lumber concessions are passed to friends of Philippine President Marcos. The inhabitants of Mindanao constitute cheap labor whose average annual income is a thousand dollars lower than in other regions. What with the drop in world market prices of agricultural products, unemployment increased on Mindanao, amounting to 15 percent today. Another 30 percent are considered underemployed.

The Communists have exploited the growing economic malcontent on Mindanao for their propaganda against foreign concerns, against the "U.S. Marcos dictatorship," and for social justice through redistribution. " The land is rich, but is inhabitants are getting poorer and poorer, being treated like animals," preach the Communist propaganda outfits. The provincial capital Davao, which has continued to expand as a result of the influx of people and today is time and half the size of London, has become a parade ground of the NPA for urban guerrilla warfare. In the harbor quarter of Agdao, the NPA was able to get a quick foothold. There newcomers had been settling illegally for decades. Claiming the territory for an expansion of the harbor, the municipal administration had long threatened to burn down the shanties of the illegal settlers. Boasting to be the guardian of the interests of the poor, the NPA soon had the 126,000 inhabitants of Agdao under control.

From Agdao the NPA dispatched its "sparrow commandos" into town in broad daylight for attacks against police, politicians, and businessmen. At night companies of paramilitary police combed the harbor quarter in the search for guerrillas. The once peaceful Davao became the "killer city" of the Philippines, with three or four dead per day. "The NPA kills from 0600 to 1800 hours, the military from 1800 to 0600," says Luis Santos, former mayor of Davao, who cannot escape some of the blame for the conditions. Having lost the mayoral election of 1980 by a close margin, Santos refused for 14 months to vacate his office, until finally President Marcos removed him. The Communists took advantage of the power vacuum to make themselves at home in the city. Now former Mayor Santos is trying to blame his successor, Lopez, for the guerrilla activity. "After dark, not a soul dares go into the street any more," he warns us right off.

This has not been the case for some months now. The discos of Davao are again open until after midnight, and people stroll also through the streets at night, or sit on the patios and balconies of their houses. The number of murders has gone down considerably since the middle of this year (last month "only" 28 people were murdered in Davao), and even strangers can dare go to Agdao again. The inhabitants of the harbor quarter finally got tired of the police raids--let alone the money they had to give to their "protectors." So they drove the guerillas from their quarters and formed self-aid groups.

"We long failed to realize that the leftists enjoy support among the population not because the preach communism but because they are agitating against the government and existing conditions," says Col Rodolfo Biazon. The marine commander therefore tries to fight the Communists not with bullets but with their own weapons--propaganda. Baizon had one of his army trucks converted into a movie transport with which he drives to the villages showing the people the movie "Killing Fields" about the revolution in Kampuchea. Most of the time he is also accompanied by an NPA defector who tells about his life as a Communist guerrilla.

"Our main problem," says Biazon, "is corruption and the lack of credibility of this government. Therefore I am not defending the government but am fighting for freedom and democracy." The 51-year-old colonel also does not absolve the legal opposition from blame, saying that it does not have any alternatives to offer and is not dissociating itself from the "red opposition." Instead it was relying on being borne by the wave of leftist support and hoping later to settle with the Reds. "A fatal miscalculation," Baizon says. He also issued a reminder that church organizations are willingly doing preliminary work in behalf of the revolution.

With His Head Rather Than With Bullets

The leftists promptly reacted to Biazon's propaganda. Throughout the country there are now establishments of "Bayan," the new umbrella organization of the so-called "sectoral, issue-oriented groups." Bayon members fiercely deny being communists, although they too advocate a "radical restructuring of the political, economic, and social system." Bayan organizes "people's strikes." Through agitation, barricades, and carpets of nails, all transport, and thus also production, is paralyzed. This is intended to provoke countermeasures by the forces of order--a classic concept of using the people as a wedge in the revolutionary struggle with the authorities. In Escalante, on the sugar island of Negros, the guardians of public order allowed themselves to be provoked. On the 3d day of the people's strike in September, paramilitary police fired into the crowd, killing 20 demonstrators.

Col Biazon does not allow himself to be provoked. He mingles unarmed among the strikers and debates with them for hours on end--for example, about the question as to whether their alleged "right to strike" entitles them to restrict the right of all other people to make use of the roads. Sometimes he succeeds, with the strikers clearing the road and retreating to the pavements.

The battle for the people's support would not be lost as yet if there were more people like Biazon in the Philippine Army who use their heads rather than bullets against the revolutionary left. Though enjoying the full support of his commanding general, Echeverria, the commander of the 3d Marine Brigade is distrusted by his fellow officers. Above all, Biazon is afraid of the outcome of the presidential election in February, which he considers to be the last opportunity for changing the situation with democratic means. "If Marcos wins this election again," says Col Biazon, "God help us!"

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PHILIPPINES

VER OFFERS MILITARY, CHDF ROLES TO SURRENDERED MUSLIMS

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 pp 1, 14

[Text] A full battalion of the Moro National Liberation Front numbering 602 men under Commander Unmal Alamada surrendered to Gen. Fabian C. Ver, AFP chief of staff, in Alamada Cotabato last Monday, it was reported by Miguel R. Rocha of the Philippine News Agency.

Also received by General Ver at Camp General Santos in Alamada were 1,200 supporters of the MNLF. Camp General Santos, a military training camp, is under Brig. Gen. Edon Yap of the Army Reserve Command (ARESCOM).

According to the PNA report, the surrender came after more than one year of negotiations initiated by General Yap. General Ver took along with him Commander Alamada and his five staff officers for presentation to President Marcos.

With Commander Alamada were Bongoy Lamagadoy, executive officer; and, Bagel Butig, Bosser Briacaluden, Baro Andol, and Omar Gumagil, general staff officers.

Total Yield

Commander Alamada's battalion included, besides his five staff officers, 18 field commanders and 250 armed regulars, the PNA report stated. The rest of the 602 members must be the unarmed support group.

They surrendered 230 assorted high-power firearms among which were 128 garand rifles, 47 carbines, 27 armalites, one caliber .30 light machinegun, and more than 5,000 rounds of ammunition of different calibers.

According to PNA citing military report, Alamada's battalion was one of the seven MNLF battalions operating under Zone One of the Kutawato Revolutionary Committee. KRC covers the provinces of Maguindanao and other Cotabato provinces and Lanao del Sur.

Commander Alamada used to be under the Hashim Salamat faction of the MNLF, recently renamed MILF (Moro Islamic Liberation Front), before going over to the Reformist Group under Dimas Pundato.

General Ver assured Commander Alamada he would work for their rehabilitation, enlist some of them in the Armed Forces, and integrate others with the Civilian Home Defense Forces.

/9274
CSO: 4200/645

PHILIPPINES

AUTHORITIES RELUCTANT TO ARREST INP MURDER SUSPECTS

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 pp 1, 14

[Article: "Accused in Buluan Ambush Untouchable?"]

[Text] Municipal Circuit Trial Judge Samuel V. Ferenal has issued the warrant of arrest but as of yesterday it appeared that no police or military officer would serve the warrant on five persons accused double murder with multiple frustrated murder.

This was according to a reliable report brought to The Mindanao Cross editorial office yesterday. The informants begged anonymity for fear of their safety.

According to the copy of the warrant of arrest shown by the informants, the accused are Bati Kanakan, Manlakong Buaya, Pininda Gaguil, Malluna Mangadudadatu, Abedin Candao, and John Does. They are all residents of Buluan, Maguindanao.

The warrant was issued last December 13. No bail has been recommended for the temporary release of the accused.

The five are accused for the ambush-slaying of Eng Uy, 33, a civil engineer and a businessman, and his sister Mrs. Deydy Uy Salendab, 25, a nurse. She was two months on the family way. Both were residents of Buluan, Maguindanao.

The ambush happened at about 10:30 p.m. last December 7 — on the national highway, near the "Welcome" arch and about 300 meters from the PC Task Force Sandigan detachment.

The victims together with children were coming home from Tacurong in a convoy of three cars when ambushed. Mrs. Salendab was in the second car and Eng Uy was driving the third. The lead car escaped unscathe.

According to the informants, in spite the appeal of the victims' companions in the first car and the heavy firing, the PC soldiers — one identified as Sgt. Caturi — did not respond inasmuch as the place of the ambush was under the jurisdiction of the 38th Infantry Battalion.

The victims had gone to Tacurong earlier that day with the children to attend the show at Notre Dame of Tacurong. Some of the children were studying in Notre Dame.

Apparently, the informants said, both the 38th IB and the PC were reluctant to serve the warrants. The accused are members of the Integrated National Police. Bati Kanakan had a grand public wedding last Tuesday yet no one served the warrant on him.

Last Wednesday, Capt. Usop Casuyo, commanding officer of the 417 PC Company, tried to serve the warrants but the accused, he was told, were out in operation with elements of the 38th IB.

The ambush, according to reports, was connected with the cotton buying business of Eng Uy. The Uys and their relatives have evacuated to Tacurong.

Injured in the ambush were Michael Uy Salendab, 12; Thesy Uy, Shaun Carlo Uy, Mohamad Salendab, Deydy's husband; and Abdul Maula Salendab.

/9274
CSO: 4200/645

PHILIPPINES

TORTURE CASES DOCUMENTED, MILITARY SUSPECTS NAMED

Melbourne THE AGE (Saturday Extra supplement) in English 11 Jan 86 p 5

[Article by Barry Lowe: "Torture Under the Marcos Regime"]

[Text] MANNY GUZMAN feared the worst when a group of military men burst into his office in the Manila suburb of Cubao.

Four of them grabbed Guzman and his office mate Arturo Tabara. The others began an intensive search of the premises.

Guzman and Tabara were dragged outside the building and forced into a waiting car which immediately drove off at speed.

Guzman later recounted that he realised how serious the situation was when he saw he was being taken not to a military stockade but a nondescript office block he correctly guessed housed the headquarters of one of the Philippines' numerous military intelligence agencies.

For the next 24 hours Manny Guzman underwent almost continuous torture at the hands of the Metrocom Intelligence Service Group (MISG).

Although he was just one of thousands of alleged torture cases in the Philippines under President Ferdinand Marcos's 20-year rule, his case is better documented than most because he and the 19 other detained in the operation that included the raid on his office took the courageous step of initiating legal proceedings against their tormentors.

Their plea for legal retribution was doomed to fail. Even the Philippines judiciary has been subservient to the military since President Marcos institutionalised military rule by his 1972 declaration of martial law.

The 20 torture victims filed a $500,000 damages claim against the army and when the courts shrugged off their complaint, they took their charges to the United Nations human rights committee.

It was an act of futility, according to other torture victims, but a brave, defiant gesture. Most Filipinos who have suffered physical torture at the hands of the military are grateful to escape with their lives and would not risk further detention by complaining of their ordeal.

The testimony of Manny Guzman and the 19 others reads like an account from the military torture chambers of Chile or Argentina.

The army-backed Philippines regime is conducting its own "dirty war" against suspected leftists, similar to the bloody campaign by Argentine generals during the '70s.

Manny Guzman was picked up because he worked for a community assistance organisation suspected of having links with underground political groups.

"First of all I was handcuffed and blindfolded," he said. "There were three to five men. I couldn't tell exactly how many. They began taking turns questioning me.

"'Are you involved in the underground? Who are your friends? Do you know any of these people?' they asked me. For each question I would receive a kick and punch — or a cigarette would be stubbed out on my body. My head was banged against the wall, I was repeatedly strangled, and someone shoved a pair of pliers down my throat.

"It seemed to go on forever. But after about a day the breaks between torture sessions got longer. After three days the torture stopped, and I was transferred to a regular military detention centre about a month later." Guzman's trial began nine months after that. He was acquitted when his military captors failed to produce any evidence to back their initial subversion charges.

Manny Guzman avoided further torture because the officer handling his case decided he was not important enough. But most of his fellow detainees were not as fortunate.

Marco Palo was picked up the day before Guzman's arrest and taken to the same place for questioning.

During the first session he was "softened up" with kicks and blows and by having his head banged against the wall.

He was then stripped and held down

for the "Meralco Cure". The Meralco Company supplies Manila with electricity.

Two copper wire terminals connected to a generator were applied to various parts of his body, particularly his genitals, over a period of several hours.

"For each question I received a prod from the wire. Later they turned up the voltage ... the pain was similar to accidentally touching live wire, but a hundred times worse because it was sustained over a much longer period," he said.

"The terminals left tiny burns all over my body. Later I was able to count 72 of them."

Edwin Lopez was also questioned at MISG headquarters. "The copper terminals were pressed on my right leg. I felt a shock of burning heat which spread all over my body.

"I cried out in terrible pain. The device was repeatedly applied on my thigh, arms ...

"The trembling of my body grew stronger to the point that I was shaking involuntarily even after the man withdrew the instrument. The whole session went on for about 30 minutes.

"It occurred to me that their only intention was to inflict pain. During the electric shock treatment I was not asked a single question. I only remember them laughing whenever I cried out in pain."

Other forms of "persuasion" used by the interrogators and recalled by the prisoners included being doused with cold water and forced to sit naked in front of an airconditioner for several hours, being held down while someone wearing heavy boots stepped on their testicles, having a gun barrel rammed down their throat, suspended by ropes tied to the wrists, partially strangled with a noose, burnt with lighted cigarettes, clubbed with rifle butts and prodded with truncheons.

In all cases, the torture sessions continued for several days and the victim was deprived of sleep for extended periods. Most of the prisoners said they received hardly any food during the first week of their detention and when they were not being interrogated they were confined to tiny concrete cells (one metre by two metres) or crowded together with several other prisoners into slightly larger cells.

Apart from their physical tortures, the detainees were also subjected to psychological torments such as having a loaded gun pressed against their temple or genitals.

Operation Crosswind was the code name for the operation that led to the detention of 20 torture victims. The operation brought together elements of seven separate intelligence units who formed Task Force Makabansa (nationalist), an elite anti-insurgency force charged with "conducting pre-emptive strikes against communist-terrorist plans to sow discord in metro Manila".

Task Force Makabansa's personnel lists reads like a 'Who's Who' of the Philippine's most notorious torturers. The damages claim filed by the 20 detainees lists five colonels, a major, a captain, three lieutenants and a master sergeant as active participants in the torture sessions. One of the colonels, named Rolando Abadilla, is head of MISG and widely regarded as the most frequent user of torture among the Philippine military intelligence chiefs.

Critics of the intelligence agencies like the one headed by Colonel Abadilla say their freedom from accountability has fostered an obsessive mentality among their officers whose dedication often verges on fanatism. Such a description fits the officer cited by the 20 torture victims as their chief tormentor; Rodolfo Aguinaldo, ranked major at the time of Operation Crosswind, but since promoted to lieutenant colonel.

All the prisoners who were questioned under his supervision were struck by the enthusiasm he displayed for his work. One of his trademarks, observed the prisoners, was to punctuate his questioning by suddenly seizing his victim by the throat, tightly squeezing the trachea between thumb and forefinger. Colonel Aguinaldo, 35, is regarded as one of the shining stars of the Philippine officer corps.

He came to prominence as an intelligence officer by capturing a string of leading underground personalities during the '70s, including the man thought to be the head of the Communist Party of the Philippines, Jose Maria Sison.

Former colleagues of the colonel claim his success is largely derived from his ability to extract information from suspects.

According to his former prisoners, the colonel utilises most of the more traditional methods of extracting information — electric shocks, the water cure, suffocation with a plastic bag over the head — but he has also developed a few specialities of his own.

A report by a human rights organisation, Task Force Detainees (TFD), provides a partial list of Colonel Aguinaldo's former "clients" and some of the methods that were used during their interrogations.

Some examples:

Henson Larel had a dead rat stuffed into his mouth, Winfred Hilao was forced to lie across a large block of ice while electrodes were applied to his genitals, Philip Limjoco had hot candle wax dripped into his ears, Satur Ocampo was fed with human excrement.

Colonel Aguinaldo now leads a counter-insurgency unit in the northern Luzon province of Cagayan, where his methods have been credited with taking the initiative away from the formerly powerful New People's Army forces in the area. He shrugs off the torture allegations against him, claiming that his success in Cagayan is largely the result of a "silk glove" approach in dealing with NPA guerillas who surrender to him.

Although the intelligence unit headquarters in Manila are the terror of urban activists, it is in the provinces where many of the most brutal cases of torture have been reported.

TFD reports show that certain techniques of physical torture are favored by particular units in different parts of the country.

Military officers in the southern Luzon city of Legaspi are known to make frequent use of the "cantilever treatment", a variation of the rack of Middle Ages notoriety. The victim is stretched over a curved frame while his neck is twisted and his stomach pounded. Ordeal by fire is the preference of military interrogators in southern Negros.

Rudy Del Carmen, a 31-year-old peasant from Hinobaan, was arrested on suspicion of being an NPA supporter. His military captors tried to make him admit the charges by dousing his feet with gasoline and igniting them. When that failed to produce the right response vinegar laced with chili pepper was splashed into his eyes and his penis was pinched with pliers.

The marine battalion based in the southern Luzon province of Batangas has emphasised the genitals during its interrogation of suspects. Peter Villasenor, who was arrested in June 1982, had his penis burned with lighted cigarettes and a piece of palm frond inserted into his urethra. Evidence of the torture methods employed in the central Luzon province of Pampanga comes from a former military doctor who resigned his commission after he was ordered by his superior to examine torture victims to determine how much more "treatment" they could endure.

The former officer said the intelligence officers attached to his unit guarded against their victims later reporting them by using techniques that did not leave any physical marks on the body. "A dripping block of ice suspended above the bare chest of the subject was a favorite trick. After several hours of this treatment, the victim would be begging for mercy," he said.

The former army doctor said women detainees often suffered the worst indignities. "The main object of the treatment was humiliation. The woman would be stripped naked and held down while someone ran a ballpoint pen all over her body. "The more men they had in the room at the time watching and jeering, the better."

Human rights abuses against women detainees in the Philippines present another dimension to institutionalised torture. Detainee support groups estimate that about 80 per cent of women detainees are raped or suffer other forms of sexual assault. One of the best publicised cases concerned Hilda Narciso, who was arrested in the southern city of Davao by 30 heavily armed military men. She was taken to a suburban house where her ordeal began. At least four soldiers took it in turns to rape her and sexually assault her with pointed objects.

Another victim of sexual abuse during military detention was Erlene Dangoy, who was arrested in Davao by members of the notorious Citizens Home Defence Force, a paramilitary organisation.

The 16-year-old girl was accused of being an "amazon", the term used by the military for female members of the NPA. Here are some excerpts from her testimony:

"The night of my arrest I was led into a room by a man holding a gun at my head. Two other men were waiting there. They laughed as I entered. One of them grabbed me and undressed me. As they muffled my screams, two of the men began squeezing and touching my body. I could not do anything because they held my hands. Then they forced me to dance. Displeased, they took some hot pepper which they rubbed all over my body. They laughed as they saw me flinching in pain.

"Later, a uniformed man whose namecloth bore the name Capuyan grabbed me. I tried to break loose from his grasp but he boxed my stomach and legs until I lost consciousness. When I regained my senses, I was shocked to discover my hands tied and my mouth gagged. My legs and body were in pain. I saw blood. My breasts were bared and my panties torn. At the moment I feared the worst had happened to me. At dawn the beast Capuyan came back to my cell and raped me again. I felt like a dead person — my body was too weak to fight, too tired, too painful. I wanted to shout, but not a sound came from my lips."

Erlene Dangoy was eventually released four months later without any charges ever being laid against her. The psychological effects of torture and the traumas suffered by torture victims are being closely studied by staff at a recently opened rehabilitation centre for former detainees.

The centre is simply named Balay, which means house, because its founders feared a more descriptive title might draw the attention of the last people the former detainees wanted to see — their former jailers. Located in a leafy street of the national capital, Balay seeks to help former political prisoners put their sufferings behind them and to begin life anew. But according to Balay's director, lawyer Mrs Cookie Diokno, torture victims often leave prison suffering problems that can take years of specialised therapy to overcome. One former detainee now being treated by Balay staff was so haunted with nightmares about his mistreatment that he decided to commit suicide by standing in the path of an oncoming train. He changed his mind at the last moment and attempted to jump aside only to stumble and watch the train sever his right leg.

"Other torture victims develop phobias that they find hard to shake off," said Mrs Diokno. "A woman ex-detainee I know had boiling water thrown over her by her military interrogators.

"Now she can't even dare to look at boiling water. She finds it impossible just to boil a kettle and has to have someone help her do the cooking." Mrs Diokno said torture victims' traumas often manifest themselves in marital difficulties. Tortured detainees run a high risk of marriage breakdown. Their fear becomes obsessive, especially the fear of rearrest and more torture. It affects them in such a way that often they just cannot cope with relationships.

Despite the documentation compiled by organisations like Balay and Task Force Detainees, the Marcos Government still denies that torture is systematically used by the military. Although government spokesmen will concede that there have occasionally been some abuses by "a few over-zealous" officers in the field, they firmly reject claims that torture has become an "acceptable" method of obtaining information about the activities of subversives.

Reports detailing human rights abuses by the Philippine armed forces have been furnished to Amnesty International and other international human rights organisations, but so far there has been little direct pressure placed on the Marcos Government to comply with the Geneva Convention and other provisions for the treatment of political prisoners.

"People are being tortured in the Philippines right now," said a Task Force Detainees researcher, who has documented torture cases since the declaration of martial law in 1972. "It's standard procedure now. It seems there's nothing we can do to stop it. We can only try to convince the world that it is happening."

/9274
CSO: 4200/645

PHILIPPINES

MAKATI BUSINESSMAN ON POPULATION, ECONOMIC IMPACT

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 p 11

[Article by Perla Aragon Choudhury, PCF Media Service: "A Businessman's View--Population Problems Weaken the Economy"]

[Text] Rapid population growth may worsen the country's unemployment problem, a leading businessman has warned.

In an interview, Raul T. Concepcion said:

"To employ a laborer, industry needs a large amount of capital investment. But with a large population we just would not have the funds to generate employment for labor, even if all the foreign investments possible were to come here." Concepcion is president and chairman of the board of the Concepcion Industries Group of Companies; he also heads the committee on industry of the Makati Business Club.

Concepcion said that population problems can weaken the entire economy, and increase the number of urban poor.

He observed:

"It would then take a lot of resources to meet social pressures and basic needs. When we are hit by 90 million people in the year 2000, whatever we do can really barely improve our standard of living because of so many more mouths to feed."

The business leader, who is acting secretary-general of the Presidential Productivity Council, warned of the unexpected effects of the thrust towards productivity, even as he acknowledged its importance.

There is nothing wrong with this emphasis, he said, provided the manpower displaced by computers can be absorbed.

He noted: "We can develop other industries such as semi-conductors, but we must realize that changes in automation are too rapid for training and retraining."

The council has not yet formulated a population policy, but Concepcion believes that the problem is known to all its members: "The Prime Minister (Cesar Virata) has been very emphatic about this and he is pointing out a very real problem. The magnitude is so great that everybody has to look to the year 2000."

Concepcion, a member of the panel of experts of the Commission on Population (Popcom), called for measures to enlist the private sector's full participation in, and support for, the National Population Program.

Concepcion explained: "This is not to undermine all the efforts that have been done in population. I think they have all been good. But from the business point of view . . . for the private sector to be enthusiastic and to be able to contribute, its members must know the overall program objective, the quantifiable goals, and the way by which they are to be achieved.

"After this the private sector can come in to help with program constraints, viability, resources, funding, area-specific goal setting, staff professionalization, and so on. It is just like a project presentation, perhaps even a fund drive with which we businessmen can identify."

Concepcion gave these other suggestions for the population program:

- Thoroughly study and document population data. More funds could be used to recruit more professionals, and to computerize data which could help clarify the problems and constraints faced by the Program.
- Help the corps of population officers work closely with but independent of local executives to offset the latter's lack of time, dedication to, and enthusiasm and priority for the Program.
- Convene a conference of population officers to discuss the data base generated earlier to pinpoint areas of concern needing in-depth studies to help set, measure, review and readjust Program goals.
- Appoint a Cabinet-level minister concerned solely with the responsibility of implementing the population program.
- Brief civic and church leaders periodically, with population officers coming up with local or regional materials on overpopulation.

/9274
CSO: 4200/645

ARTICLE REPORTS FLOUR SHORTAGE IN COTABATO

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 pp 1, 14

[Text]

There was no flour distribution in the city and elsewhere in the region this month as millers stopped milling operations due to the need to clean their mills and to the lack of private local marketing arms after the delisting of prime commodities.

Small bakeries are running out of stock. Four flour traders in the city are reluctant to buy new stocks as price fluctuates.

According to a source, Cotabato City gets 7,000 bags out of the 30,000 50-kilo bags allocated monthly to Region 12. The stocks come from either Cebu City or Davao City.

Mrs. Benita Ma, a board director of the Cotabato Bakers Association, said that the association president was able to negotiate for 1,600 bags for the city. However, these will be delivered directly from Manila on cash basis.

"I think all the bakers are apprehensive," Mrs. Ma said. "We have no stocks. What shall we do this Christmas season? "

She said that for two years under the control of the National Food Authority, there was no flour shortage although shipments might have been delayed, these did not happen during Christmas season.

Mrs. Ma said that there has been no regional marketing arm since the turn-over of flour sale and distribution to the Philippine Federation of Bakeries Association, the sole wheat importer.

Meanwihle, other sources suspect that flour millers stopped operation to evade the payments of the 13th month pay to casuals and contract workers. Millers, they said, usually stop operation at the end of the year to clean their mills.

There is no information as to when normal flour distribution will resume. Most of wheat millers in the Philippines come from Germany.
—rmt

/9274
CSO: 4200/645

ARTICLE CITES MILITARY DISRUPTION IN LAGGING FOOD PRODUCTION

Dipolog City THE MINDANAO OBSERVER in English 23 Dec 85 pp 2, 6

[Text] Newspapers recently announced that the government's National Economic and Development Authority (NEDA) was projecting a 4 percent drop in the country's gross national product (GNP) for 1985 (BT, 11-22-85). Another NEDA report notes that the country's annual per capita income, based on GNP, had dropped from US dollar 830 in 1985 to 650 dollar at present.

Noting the Philippines' lat compared to other Asian countries, Economic Planning Minister Vicente Valdepenas suggests that Filipinos should work 10 times more to increase production (BT, 11-23-85).

The government call for increased production makes it seem as if workers and peasants are just sitting back enjoying the crisis. In terms of food production, the constraints that block production are not just a matter of farming methods.

A study from the Montanosa Research Development Center (MRDC) in Sagada, Mt. Province shows this clearly with regard to white beam production in Bugnay, a barrio in Tinglayen, Kalinga-Apayao. Released in October 1985, the study by E. Daguitan and P. Naduli says that Bugnay's farmers planted 91 cans (each can--17 kilos) of white beam seeds in 1984, compared with 76 cans in the previous year.

Yet, total production for 1984 was only 714 cans, compared with 1397 in the previous year. Average household income derived from crop sales dropped from ₱1654 in 1983 to ₱803 in 1984.

The reason for this decline, MRDC researchers say, is militarization, which disrupted economic activities by limiting the people's access to their farms. Bugnay's villagers also explained that soldiers would uproot crops during their operations. Although 1983 was a drought year, it seems that the intensification of militarization in 1984 wrought greater havoc for the farmers. Bugnay, and other areas in the Cordilleras, are now reaping a different kind of harvest; hunger and disease.

The MRDC study deals only with one barrio. It is a simple study, two pages long but more of these papers should be produced, if at least to convince Mr. Valdepenas that it will take more than "working ten times harder" to solve our problems.

/9274
CSO: 4200/645

MUSLIM DISTRUST OF MANILA CITED IN SULU ILLITERACY

Dipolog City THE MINDANAO OBSERVER in English 23 Dec 85 p 5

[Text] Historical Muslim suspicion of the national government in Manila is offered as one of the leading reasons why this province suffers the lowest literacy rate in the country today.

The rate is estimated to be half if not lower than the national average of 87 per cent with some provinces enjoying rates as high as 95 per cent.

Public and private educators in the province explain that the distrust dates back to the Spanish colonization period and underscores the fact that Muslims were one of the country's few ethnic groups not completely subjected by the Spaniards.

The American who replaced the Spaniards as colonial power also did not have much luck in subjugating the Muslims, according to the educators who admit the province today has more residents who cannot read and write than literate ones

Shying away from public schools set up by the national government was one of the actions taken by Muslims to express their resistance to the colonial powers then with such a practice becoming "tradition" among some present-day Muslims, the educators further explained.

However, both the provincial and national governments are tackling the illiteracy problem of Sulu energetically and patiently Gov Tupay T. Loong reported.

The governor claims steady progress is being achieved as reflected by enrolment in the public schools, particularly at the elementary level, rising to 64,137 as of the 1982-83 school year compared to 10 per cent of that number in 1974-75.

February 1974 is a traumatic date in memory of today's Sulu residents. Fierce battles occurred in the province during that month between government troops and forces of the Muslim separatist movement.

/9274
CSO: 4200/645

PHILIPPINES

FEMALE EMPLOYMENT LISTS GAINS DURING 1978-1983 PERIOD

Dipolog City THE MINDANAO OBSERVER in English 23 Dec 85 p 6

[Text] Women participation in employment in the Philippines had risen by 30 per cent over a five year period totalling 8 million in 1983 as against six million in 1978.

With a total work force of 20 million, this means that for every three Filipino males employed, two of their female counterparts are also in paid jobs.

A study of the National Commission on the Role of Filipino Women showed female rural labor force grew by 36 2 per cent in that time.

In urban areas, growth was recorded only at 20 per cent with 2.66 million in 1978 and 5.27 per cent in 1983, while total unemployment grew from six per cent to 9.3 per cent compared to the national figures of 8.7 per cent 10.9 per cent, respectively.

The employment picture at the countryside was steadier with a total rate of 96 per cent and 93 per cent for females(indicating that as of 1983, 360,000 rural women are seeking jobs as against 290 urban female looking for employment.

Of these 650,000 unemployed women, 308 were single, 15,000 were widows, 9,000 were separated or divorced and 278 were married but wanted an additional income for the family.

The NCRFW study also found out that most Filipina workers are either unpaid family workers in the agricultural and government sectors while they dominated the wholesale and retail trades in addition to community, social and personal services.

It is interesting to note that female participation was evident in both female and male-dominated industries like electricity with 14.1 per cent and 8 per cent in finance and related services including agriculture.

Women workers were equally accepted in transportation, storage, communication mining and quarrying where rates varied from 2.6 per cent, 4.4 per cent and 0.9 per cent.

Although their salaries increased by 73 per cent from P1,006 in 1978 to P1,741 in 1983, the real earnings remain low due to the effects of inflation and high prices and the situation was even worse for rural women workers, whose real earnings for a quarter in 1984 was only P552.

At the end, however, of the Decade for Women, positive trends are gleaned for new policies and legislation affecting the entry of women in non-traditional areas, including expanded training and work opportunities and overseas employment.

Working women overseas now account for 18.3 per cent of the total, with 59 per cent of them as service workers and 36 per cent as professional and technical workers.

Maternity leave benefits for working women had been transferred from the employer to the Social Security System to assure additional security to married women's health and work tenure.

An accompanying NCRFW analysis stated that if the trend of increased women participation in employment continues, then men and women would be sharing the responsibility of supporting the family.

The difference, however, in their earnings could only be achieved if the women would successfully penetrate, nontraditional technical' jobs like transportation storage, communication, finance insurance, real estate, construction, mining and quarrying which are better-paying.

The commission emphasized that it is important that women be allowed ample parts in decision-making either in private and government corporations as employers and likewise in administrative, executive and managerial posts.

/9274
CSO: 4200/645

COLUMNIST: U.S. FARM BILL TO HAVE SEVERE IMPACT

Bangkok DAILY NEWS in Thai 9 Jan 86 p 2

[Around the World column by Trairat: "American Farmers"]

[Excerpt] There will be a fierce battle over the Farm Bill, which the United States has promulgated in order to help enable American farmers to compete in selling their goods on world markets. The 5-point policy, which DAILY NEWS published the other day, clearly shows that things will get much worse for Thailand, particularly in exporting rice. Even before the United States promulgated the Farm Bill, our farmers were not able to sell all their rice even though a great effort was made. They could not get a good price for their rice. The situation has been this way for several years. The farmers have marched on Bangkok and protested to the government several times.

Seeing the help that the U.S. government is giving to its farmers makes me jealous. Even though the United States is an industrial country, whenever the farmers there have problems, the government rushes to provide comfort using short, medium and long-term policies. It has set support prices and loan rates and accepted pledges. It has helped watch world markets and made recommendations on controlling production. And now it has implemented a policy of direct financial support for families. What this means is that the U.S. government is spending billions in order to enable American agricultural products to win world markets. It allows buyers to pay for the goods over a long time period at a low rate of interest. Support is being given to all types of farmers. This has enabled American farmers, who account for only 3 percent of the population, to sell rice throughout the United States and compete for markets all around the world.

Thai agricultural products experts have all pointed out that the Farm Bill will definitely have an impact on our crops. In particular, the United States will seize markets from those countries that do not work together. This will result in our suffering losses totaling at least 5.8 billion baht. Because of the sale of American rice, our rice sales in the Middle East will drop by 270,000 tons. And in Africa, sales will drop 730,000 tons. This does not include other markets. Corn sales will definitely be affected, too.

Even when Thailand was able to export large quantities, the price of rice and corn was so low that farmers experienced great trouble. And now that they face such great competition from the United States, there will be little hope for them. The price that farmers can get for their rice is much lower than it was several years ago. The farmers all complain that they are becoming paupers. If prices continue to fall or the farmers can't sell their rice, they will definitely be in great trouble. In the future, Thailand may not produce enough rice to satisfy domestic demand because all the farmers will have gone bankrupt and stopped growing rice. And at that point, we will have to start importing rice. What should the farmers do? Those of you in senior positions need to answer this question.

11943
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EDITORIAL SEEKS MEASURES TO COUNTER U.S. FARM BILL

Bangkok THAI RAT in Thai 9 Jan 86 p 3

[Editorial: "We Must All Cooperate"]

[Text] We won't talk about whether there was outside interference or whether there was anything behind this. Rather we will look at the heart of the matter. The farmers who braved the elements to stage a demonstration in Bangkok really are experiencing problems. Pressure has been put on rice prices, and the farmers have not been able to sell their rice at the price stipulated by the government, which set the price at 3,000 baht per kwian (1 kwian equals 2,000 liters).

Besides price squeezing, there are several other reasons why rice prices are below the stipulated prices. An important reason is that world market demand has prevented prices from increasing. This poses a great danger. And the situation will probably grow even worse now that the United States has implemented the Farm Bill. The U.S. government is pouring in money to help U.S. farmers. Because of this, the price of American agricultural goods will decline on world markets. This will pose a great danger to our agricultural goods, particuarly rice, which earns much foreign currency for the country.

The Thai Chamber of Commerce, which has studied this problem, has revealed that after the U.S. Farm Bill goes into effect in April this year, production costs of American rice farmers will decline to only 2.55 baht per kg while our production costs will be 3 baht per kg. This will have a great impact on Thailand's rice markets throughout the world, particularly in Africa and the Middle East, markets that are presently controlled by Thailand.

Based on the studies conducted by the Thai Chamber of Commerce, it is expected that Thai rice sales will drop by at least 1 million tons, with losses totaling 58 billion baht. Maximum losses have been estimated at 1.5 million tons. From rice losses alone, the gross national income will decline 3 percent. And revenues from the export of agricultural products will decline approximately 6 percent as a result of this. On the other hand, U.S. revenues will increase approximately 5 percent as a result of their winning this share of the rice market. While that is a very small percentage from their standpoint, to us that is a very large loss.

This poses a great danger. We must make preparations to solve this problem. Everyone, regardless of whether they are in the public or private sector, must cooperate. We must try to make the United States understand the negative impact that this will have on us just as we did in the case of the Jenkins Bill, which would have affected textiles. But that involves making requests from others. The best way is to try and solve this problem ourself. We must produce enough to satisfy market demand, cultivate other types of crops to replace rice and improve the market mechanism, which includes revising the tax system and solving the quota and premium problems. Only if we face the facts and look at things in the right way will we be able to solve this problem.

11943
CSO: 4207/141

THAILAND

SAMAK LEADERSHIP, TCP PROBLEMS VIEWED

Bangkok MATICHON SUT SAPDA in Thai 15 Dec 85 pp 10-12

[Unattributed report: "Collapse of the Thai Citizen Party: Beware of the Cornered Animal"]

[Text] Four years ago, in an interview granted to a weekly political magazine, Mr Samak Sunthonwet, the leader of the Thai Citizen Party, confidently discussed the "three-step ladder" that would take him to the heights of power. At that time, he said that "my political party is a new party, but we are using old-fashioned cosmetics and so people think that we are attractive. My first step was to see whether I could survive and grow after leaving the Democrat Party." That question was answered by the 1979 general election.

The response by Mr Samak Sunthonwet was, "I fielded 37 candidates and 32 won. I have shown that if parliament survives for another 2 years, I will grow even stronger."

With 32 MPs, even though it had fewer MPs than the Social Action Party (81), Thai Nation Party (38) or Democrat Party (34), the Thai Citizen Party of Mr Samak could still be very proud of itself and had every right to "dream" about future political successes. This was because the Thai Citizen Party had just been formed in order to compete in the 22 April 1979 election. Only Mr Samak had much political experience, and he was the only well known person in the party.

Second, of the 32 House seats from Bangkok Metropolitan, with the exception of the 2 seats held by the Social Action Party (M.R.W. Khukrit Pramot and Mr Kasem Sirisamphan) and the 1 seat held by the Democrat Party (Mr Thanat Khoman), the other 29 seats were all held by members of the Thai Citizen Party.

An even more important point was that Mr Samak Sunthonwet was able to repeat his victory over M.R.W. Khukrit in the Dusit Zone, where he had beaten him in the 4 April 1976 election.

Thus, Mr Samak made plans for his "second step up the ladder" during the election in April 1983. "We plan to field candidates in the 30 provinces around Bangkok. We will contest about 150 seats. If we manage to win 70-80 seats, we will have passed the test."

Based on what he said in 1981, Mr Samak felt that a "coalition government is no good. I have been a minister in three administrations. In my view, a coalition government is no good. The more parties there are in the coalition, the more turmoil there is. Coalition governments concern the interests of each party. If they can agree on how to share the profits, things go smoothly. But usually they can't agree and so the coalition breaks apart." With such a view, Mr Samak's "second step" was to serve as the "leader of the king's opposition party."

The "third step" of the leader of the Thai Citizen Party was scheduled for 1987. His plan was for the Thai Citizen Party to win approximately 200 of the 350 House seats. Even though he did not say so openly, he was definitely planning on becoming Thailand's 17th prime minister.

The Gap Between the Dream and the Reality

As for the the "first step," there is no doubt that Mr Samak and his Thai Citizen Party achieved great success. In the April 1979 election, all the candidates fielded by Mr Samak won a large percentage of the vote. The prestige of Mr Samak almost rivaled that of Mr Khuang Aphaiwong and M.R.W. Seni Pramot.

He had formed a new party, but he did in fact use "old cosmetics." Those cosmetics were very similar to the "real elements" within the Democrat Party during the heyday of Mr Pridi Phanomyong and Rear Admiral Thawan Thamrongnawasawat under the shade of the 1946 constitution.

However, during the "second step," there were portents of obstacles ahead. During the April 1983 election, the Thai Citizen Party had planned to win 70-80 seats in order to serve as a base of support for the the party leader to serve as the "leader of the king's opposition party." But as it turned out, the Thai Citizen Party won only 35 seats, 50 percent below the targeted number. Even though the number of party members who won seats in the House increased (from 32 to 35), the number in Bangkok Metropolitan, where the Thai Citizen Party had almost completely destoyed the opposition during "stage 1," declined, with the Democrat and Social Action parties picking up additional seats. That is, the Thai Citizen Party won 24 seats, the Democrat Party won 8 seats and the Social Action Party won 4 seats.

Following that, the Thai Citizen Party lost Mr Sarawut Niyomsap from Nakhon Pathom to the Thai Nation Party. Mr Pliu Muangsiri, who died, was replaced by Admiral Sombun Chuaphibun, who later joined the Democrat Party. Thus, the number of members serving as MPs declined from 35 to 33. And that is not all. Mr Charut Charuprakon resigned from the party. And Mr Chakrawan Channuwong, an MP from Khon Kaen, Mr Prasit Donphongam, an MP fom Chainat, and Mr Salap Nakhasathian, an MP from Prachinburi, began acting like "Thai Citizen rebels" and resigned. Thus, the number of members serving as MPs declined to only 29.

While the Thai Citizen Party won only 35 seats, this was still a significant number. The result was that Mr Samak changed his mind about serving as the "leader of the king's opposition party." Instead, the party joined the government coalition composed of the Social Action, Democrat and National Democracy parties. Thus, the position of "leader of the king's opposition party" fell to Maj Gen Praman Adireksan, the leader of the Thai Nation Party.

From the First Two Steps, a Very Long Path

Even though the Thai Citizen Party won 35 seats in the April 1983 election and even though the decision to join the coalition government helped the party implement several of its policies, the path of the Thai Citizen Party has not been very bright amidst the various political movements that have taken place since May 1983.

There has been a serious split within the party because of the tilt toward dictatorship instead of democracy. This resulted in Mr Sarawut Niyomsap being driven out of the party. And following that, Mr Charut Charuprakon resigned from the party even though this meant giving up his seat in the House of Representatives.

Mr Sarawut Niyomsap was expelled from the party for violating party discipline. The people of Nakhon Pathom expressed their opposition to this action by again electing Mr Sarawut to the House.

The party has clearly been losing its popularity among the people. This is evident from the results of the by-elections and gubernatorial election in Bangkok Metropolitan. In the Bangkok Metopolitan Zone 3 by-election to find a replacement for Mr Pliu Muangsiri, Admiral Sombun Chuaphibun, a member of the Democrat Party, defeated Gen Pamot Thawonchan, the Thai Citizen Party candidate. In the Bangkok Metropolitan Zone 2 by-election to find a replacement for Mr Damrong Latthaphiphat, Mr Phichit Rattakun of the Democrat Party defeated Mr Prathan Duangrat, the candidate of the Thai Citizen Party. The Bangkok Metropolitan gubernatorial election was won by Mr Chamlong Simuang, and the Democrat Party candidate came in second. The Thai Citizen Party candidate came in a distant third. Even in the elections for seats on the Bangkok Metropolitan Council and the zone councils, most of the votes went to the candidates of the Democrat Party, which handed the Thai Citizen Party a resounding defeat.

Because of these successive defeats, the Thai Citizen Party is having great trouble finding candidates to run in the by-election for MP from Bangkok Metropolitan Zone 1. Before the deadline for filing candidacy, Mr Samak Sunthonwet stated that "I have not yet selected a candidate. I am seldom at home these days because I am so busy talking with people. But I can assure you that you are all in for a happy surprise."

But when Mr Samak took Mr Phinyo Sathon and Dr Yuthon Photharamik to the Bangkok Metropolitan administrative headquarters, there were "boos" instead of "cheers." Pitting a person like Mr Phinyo Sathon against people like Gen Han Linanon and Lt Gen Withoon Yasawat is sad rather than exciting.

This reflects the great decline of the Thai Citizen Party. Even though Mr Samak has stated that he has never contacted retired military officers or officers on active duty, a military news source told MATICHON that people from the Thai Citizen Party have tried to contact several retired and active officers. Those he mentioned included Gen Mana Rattnakoset, Lt Gen Phat Urailoet, Maj Gen Uthan Sanitwong Na Ayuthaya and Air Marshal Prakop Buraphat.

"The person to whom Mr Samak was referring when he said that people would be very surprised was Maj Gen Uthan," said the military news source. "But Maj Gen Uthan declined to run, saying that senior people whom he respects objected to this."

In short, the reason why the Thai Citizen Party has been forced to put Mr Phinyo Sathon at the head of the ticket in the Bangkok Metropolitan Zone 1 by-election is that it could not find anyone else to run. It is not because the party wants to field a civilian against the retired military officers.

When Dr "Saothong" Dared To Fight Against Han and Withoon

Gen Han Linanon, the Democrat candidate, has the advantage of being a Democratic Soldier who played a major role in implementing the "politics leads the military" policy to defeat the communists and in implementing Order 66/1980 based on the Tai Rom Yen plan during the period when he served as 4th Army Region commander.

As for Lt Gen Withoon Yasawat, besides the prestige of having been the superior officer of officers who now play an important role in the military, he also gained much prestige among policemen for taking steps to improve the welfare of lower-ranking policemen. At the same time, he was hurt by the "shells" during the time of the "Shell Administration" [administration of Mr Thanin Krawichian] following the 6 October 1976 coup d'etat.

Even though Mr Yingphan Manasikan, an MP from Phitsanulok and the secretary to the minister of communications, has had a premonition that the Thai Citizen Party will win the by-election in Bangkok Metropolitan Zone 1, his premonition is influenced by his hope of being "Tayu" amidst the campaign struggle between the Democrat and Social Action parties. The question is, is there any possibility of the Thai Citizen Party taking this opportunity like "Tayu" while "Ta-in" and "Tana" are engaged in a struggle? I think that the answer is both "yes" and "no."

The Thai Citizen Party hopes that some of the 61,697 votes that Mr Chana Rungsaeng won in Zone 1 during the Bangkok Metropolitan gubernatorial election will be siphoned off by the SAP candidate. If that happens, the 30,470 votes won by the Thai Citizen Party during the gubernatorial election might have great meaning.

At the same time, the Thai Citizen Party has overlooked the role of Lt Gen Withoon Yasawat in the Dusit and Phyathai zones, which are zones with large military populations. The military tends to support Lt Gen Withoon rather than Gen Han. The Thai Citizen Party may also have overlooked the fact that the police vote will go to Lt Gen Withoon rather than to the Thai Citizen Party candidate as in the past.

From this, it is very clear that this struggle is not between the Democrat and Thai Citizen parties or between the Social Action and Thai Citizen parties but between the Democrat and Social Action parties. The Democrat Party has the upper hand but cannot afford to underestimate the Social Action Party. But the Thai Citizen Party is not a serious contender.

The Fate of the Thai Citizen Party; the Domino Theory in Bangkok Metropolitan

The by-election in Bangkok Metropolitan Zone 1 will play an important role in deciding the fate of the Thai Citizen Party. If it is able to defeat two retired generals such as Gen Han Linanon and Lt Gen Withoon Yasawat, this will show that the party still has great prestige in military and political circles. But if it is defeated, it will be very difficult for the party to stage a comeback in the April 1987 election. In Bangkok Metropolitan, the Thai Citizen Party could find itself in the same situation as the Thai Nation Party. That is, it will be difficult to find a retired soldier or civilian willing to risk suffering defeat. There shouldn't be any talk of "step 3" when the party is having great difficulty reaching "step 2."

Mr Samak Sunthonwet said that "I have formed a new party but I am using old cosmetics." And those old cosmetics look very similar to those once used by the ultraconservative Democrats. When they found that they couldn't defeat the government of Rear Admiral Thawan Thamrongnawasawat, which was supported by Mr Pridi Phanomyong, they went and joined forces with the faction of Field Marshal Phibunsongkhram and instigated a political movement in order to pave the way for the coup of 8 November 1947. This is one example of past "political desperation" in Thailand.

Some elements within the Thai Citizen Party once prospered as a result of the "bloody" coup of 6 October 1976 by becoming ministers in the "Shell administration," which was considered to be a civilian dictatorship--the most dictatorial government in Thai political history. But this does not mean that important people in the party abandoned all hope of carrying on a democratic struggle using parliament as the tool. Even though the party has not yet reached "step 2," the chances of it crumbling entirely are still very remote, unless the "mouths" of people in the party drown the party in a "sea of saliva."

11943
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THAILAND

THONGBAI THONGPAO SURVEYS HUMAN RIGHTS, PRESS, FORMER CPT

Bangkok WIWAT in Thai 16-22 Dec 85 pp 30-34

[Article by Thongbai Thongpao: "The Human Rights Situation in Thailand in 1985"]

[Excerpts] Political Prisoners

Because Thailand is not yet fully democratic and because rights and freedoms here are restricted, there are still political prisoners and people who have been detailed illegally. These people can be categorized as follows:

A. Lese majesty cases:

1. Cases already decided: Police Maj Anan Senakhan; Mr Thawan, or Sawan Naiphongthep; Mr Saman Khongsuphon; and Mr Rat Uttaphan.

2. Cases still under deliberation: Mr Chak Phatphattanachai (Chiang Mai) and Mr Prasit Buasuwan (Thanburi Court).

B. Communist and internal rebellion cases:

1. Cases already decided: Mr Damrongsak Karupanan and Mrs Wimon Phianthamdi were each sentenced to more than 10 years in prison.

2. Cases still under deliberation: 1. Mr Damri Ruangsutham and Mr Prakop Thongthung (arrested in April 1981); 2. Mr Surachai Saedan, Mr Mali Sakhon and Mr Prawit Paencharoen (arrested in June 1981); 3. Mr Phirun Chatrawanitkun, Mr Rangsan Saesi, Mr Sawat Anantapanyakun, Mr Manot Methangkun, Mr Prasong Arunsantirot and Mr Sanguan Thipsing (a total of 22 people were arrested in July 1984; 8 were ordered to attend a training seminar and 8 others were not charged).

3. Cases under investigation: Includes the case involving Mr Thongchai Suwannawihok, Mr Sanga Siphokha and Mr Subin Bankiti and the case involving Mr Wirot Chongchit, Mr Praphat Muaidi, Mr Sidet Krainara (alias Sathit Krainara) and Mr Iam Damnu-in.

There have also been reports about the arrest of other suspects in the north and south.

C. The 9 September 1985 rebellion: 40 people were arrested, including retired military generals, 7 labor leaders and a university instructor.

D. People imprisoned by order of the prime minister without benefit of trial: Based on statistics provided by the Bang Khwang Central Prison in Nonthaburi Province, these people have been imprisoned based on articles 21, 27 and 200 of the prime ministerial order. There are now 44 such prisoners at the Bang Khwang Prison. Others were transferred upcountry following the revolt by prisoners, who demanded they they be granted a pardon.

E. There are a number of political prisoners who have been charged with criminal offenses. These include members of PULO and the BRN in the south and members of the communist party who either surrendered or were captured. These people have been charged with criminal offenses.

F. Prisoners waiting deportation: These are foreigners who have been living in Thailand for many years and who have violated laws. By law, they must be deported. But no country will accept them. They have had to be imprisoned while awaiting deportation. They have been imprisoned at the Bang Khen temporary prison and at the Immigration Division. There are about 34 prisoners at the Bang Khen Prison.

The Press

The new press law, which provides for the establishment of a press council, has been submitted to the House of Representatives. Based on this law, if the license of an editor is revoked, a reserve editor can be used to carry on publishing activities. This will enable the newspaper to continue publishing. In the past, when an editor's license was revoked, the newspaper had to stop publishing. Besides this, there will be a press ethics oversight committee.

During the arrest of communist suspects in July 1984, Mr Chatcharin Chaiyawat, the publisher of the weekly political magazine ATHIT-KHLET LAP and Dr Pricha Piamphongsan, an advisor to this magazine, were arrested and held for several months before being released. At the same time, ATHIT-KHLET LAP was closed down for publishing an interview with Mr Phirun Chatrawanitkun and criticizing Order 66/1980, the policy for defeating the communists.

During the past year, two reporters were killed while performing their duties. Mr Manit Nakhawankit was shot and killed and his wife and 6-year-old son were seriously injured. This happened while he was on his way to deliver a story to his office in Bangkok. The second man was Mr Amnuai Khiriwong. He was killed in Nakhon Sithammarat while covering the provincial council election. Mr Thitthai Charoentham, a reporter working in Iraq, was executed after being convicted of espionage.

During the 9 September 1985 rebellion, a reporter, Mr Neil Davis, and his American cameraman, Mr Willian Latch, were hit and killed by shells fired by the rebels.

Besides this, five other reporters have been threatened and injured while performing their duties. A THAI RAT reporter in Udorn Thani was shot at in his office. Reporters for the DAILY NEWS, THAI RAT and BANGKOK POST were threatened and had their cameras and film seized while gathering news on the Mae Chamoy case. Besides this, three reporters were killed in accidents.

One problem concerning press freedom that is worth noting is that the police called in editors and had them sign statements acknowledging that they had been warned about publishing extracts from the government gazette on the annual military reshuffle. The police claim that it is a crime to reveal government secrets. But the editor of THAI RAT, Mr Phaithun Sunthon, refused to sign, saying that the material printed in the government gazette is public information and not secret government material. The officials said that they had been informed by the military. It seems that the military has constantly put pressure on press freedoms. Because based on Article 34 of the Press Law, the police have the authority to prohibit newspapers from printing stories on the military or commenting on international political issues.

In November, the weekly political magazine CHAT ATHIPATAI was pressured into closing because it had openly commented on political and military issues. However, this magazine is now publishing again under a new name. One reason why this magazine had to cease operations was because of an interview it conducted with a former Red Gaur leader, which was published in its October/November 1985 issue. The editor of this magazine, Miss Wilai Khieukasem, was arrested on charges of inciting domestic rebellion. There have been reports that the two reporters who interviewed this Red Gaur leader, Mr Wirasak Thongprasoet, who was himself arrested on charges of inciting rebellion, will be arrested, too. It is worth noting that the editor and the reporters were just doing their job, which is to gather and report the news.

Labor

The farmer, laborer, child laborer and prostitution problems are all intertwined. The great majority of the people are farmers. When farmers encounter problems, youths, children and women come to Bangkok to find work. This leads to unemployment, the creation of slums, the use of child laborers and prostitution.

The State Railway of Thailand has had chronic labor problems. The arbitration committee ordered this state enterprise to pay a sum of money to its employees. But the State Railway refused to pay the money. The workers staged a strike, and the State Railway fired four employees, including Mr Ahmat Khamthetthong, the president of the labor union, and members of the union's executive committee.

Textile workers were affected when employers, citing the economic situation and the U.S. ban on the import of Thai textiles, dismissed workers. This resulted in the labor federation and labor union filing a protest with U.S. officials for exploiting Thailand.

Unemployment increased last year. The Department of Labor revealed that 50,000 people were dismissed from their jobs during the first 6 months of the year. However, Chamber of Commerce figures showed that more than 100,000 people were dismissed. One reason for these dismissals is the economic situation. Another reason is that financiers are using new technology to replace workers. The technology is more efficient and does not cause trouble like workers.

There have been reports that unemployment will increase to 2 million. Approximately 200,000 university graduates cannot find jobs. They have formed an unemployed graduates association. During the 9 September rebellion, the Revolutionary Council called on the unemployed graduates to report for work.

The incomes of workers have not kept pace with the rising cost of living. Even though a minimum wage has beeb set, it is insufficient to meet the cost of living. And even though the minimum wage is so low, more than 60 percent of the workers are not being paid even the minimum wage.

During the 9 September rebellion, the police arrested seven labor leaders on charges of being involved in the rebellion. Among those arrested were Mr Ahmat Khamthetthong, the president of the Labor Council, Mr Sawat Lukdot and Mr Somphong Sarakawi, advisors to the Labor Council, Mr Somchai Sisunthonwohan, Mr Nun Suthinphuak and Mr Isara Khaosa-at, members of the labor union executive committee, and Mr Prathin Thamrongchoi, a labor union official who was active on behalf of the laborers and who was dismissed by the State Railway of Thailand.

Worker security is still unsatisfactory. Workers must work in dangerous conditions. Many have been been injured and disabled. Some have been killed. But even though wages are low and security is below standard, poor people continue to flow into the labor market in order to survive. Their feeling seems to be that "even though wages are low and we are exploited, that's better than not having a job." Employees have demanded social guarantees, but the government has not responded. This is a major problem because farmers and poor people in general do not have any social guarantees. It would not be fair to give social guarantees to industrial workers but not to farmers.

Child laborers are still being used in the labor market. Child laborers usually come from poor farm families. These children have to struggle to earn money in order to help their families. These chilren do not attend school. They are exploited by their employers, who like to hire children because they can pay them lower wages and control them more easily.

Prostitution

The number of prostitutes has not declined at all even though some have gone abroad to work, such as in Hong Kong, Singapore, Japan and Europe. It will not be possible to solve this problem until the country's economic problems have been solved, the poverty of the farmers has been eliminated and the unemployment problem has been solved. It is feared that this problem will grow even worse unless the governemnt can solve the economic and unemployment problems.

The Fate of the Participants in the Development of Thailand and the Prisoners

During the period of harsh suppression, many people and students had to flee and join the armed forces of the Communist Party of Thailand (CPT) in the jungles. After the government changed its political line and became more democratic, it called on those who had joined the CPT to come out of the jungle and participate in developing the country. In order to heal the wounds and divisions of the past, it refers to these people as "participants in the development of Thailand." It has provided them with land to live on and work and given them money to sustain themselves and build a new life.

But life has not been easy for these people. In some localities in Nan Province, some participants in the development of Thailand were taken into the forest, and they have never returned. In some places in the south and northeast, these people have been charged with committing various crimes such as robbery and murder.

As for prison inmates, in 1984 there were 76 prisoners on death row. Some of these prisoners petitioned the king and had their death sentences commuted to life in prison. Prison conditions are still unsatisfactory. The prisons are overcrowded, and there is not enough food. Because of this, there are often fights between prisoners. Officials have not given sufficient attention to providing adequate medical treatment. A clear example is the case of Mrs Wimon Phianthamdi, who went blind because she was not given medical attention. Mr Damri Ruangsutham, another political prisoner, has been requesting treatment for an eye condition for several years. But so far, he has not been treated.

It was these terrible conditions that led prisoners at the Bang Khwang Prison to demand pardons in July 1985. Officials resolutely suppressed this prison revolt. Ten of the prisoners leading the protest were shot and killed. And the next month in Chonburi Province, five prisoners led by a former noncommissioned officer tried to escape from the prison by seizing officials as hostages. All five prisoners were shot and killed. Two of the officials taken hostage were killed and several others were wounded during the suppression operation. The revolt and the attempt to escape occurred mainly because of the terrible conditions inside the prisons. Action must be taken to solve this problem.

11943
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THAILAND

4TH INFANTRY DIVISION MISSION, WEAPONRY DESCRIBED

Bangkok SENASAN in Thai Dec 85 pp 18-23

[Unattributed report: "History of the 4th Infantry Division on the 44th Anniversary of the Formation of the 4th Infantry Division on 2 December 1985"]

[Excerpts] On 16 September 1982, the 4th Division changed its name to the 4th Infantry Division. Since 2 April 1983, the 4th Infantry Division has established a 4th Infantry Division/Branch 1, Region 3 Internal Security Operations Command headquarters, controlled the activities of civil-police-military units 31, 34 and 35, carried on communist terrorist suppression operations and maintained security within its area of responsibility in the north. (Civil-police-military units 31, 34 and 35 have now changed their names to guard teams 31, 34 and 35 respectively.)

Commanders of the 4th Division, Phitsanulok Province

1. Maj Gen Praphan Kunlaphichit, 1 January 1957 to 30 December 1957
2. Maj Gen At Sasipropha, 30 December 1957 to 1 October 1961
3. Maj Gen Samran Phatyakun, 1 October 1961 to 1 October 1962
4. Maj Gen Prasoet Senanikrom, 1 October 1962 to 1 October 1964
5. Maj Gen Phanom Chotiphimai, 1 October 1964 to 1 October 1965
6. Maj Gen Yurop Konphet, 1 October 1965 to 1 October 1970
7. Maj Gen Phanom Chotphimai, 1 October 1970 to 1 April 1971
8. Maj Gen Karun Bunbandan, 1 April 1971 to 1 October 1973
9. Maj Gen Sima Panikabut, 1 October 1973 to 1 October 1977
10. Maj Gen Phrom Phiunuan, 1 October 1977 to 1 October 1981
11. Maj Gen Ruamsak Chaikomin, 1 October 1981 to 1 October 1982
12. Maj Gen Siri Thiwaphan, 1 October 1982 to present

Note: The name of the unit was changed to "4th Infantry Division" during the command of Maj Gen Ruamsak Chaikomin, who, therefore, became the commander of the "4th Infantry Division" on 16 September 1982.

Profile of the 4th Infantry Division Today

The 4th Infantry Division was established on 2 December 1941. The division is now 44 years old and has undergone considerable development. The development of the units has occasionally come to a halt. During the period 1968 to 1982, most of the personnel of the 4th Infantry Division were engaged in suppressing the communist terrorists in various areas. But now, because of the success in suppressing the communist terrorists, most units of the 4th Infantry Division have returned to base. They have had time to rebuild and to develop their weapons, materials and personnel. They are now prepared to fight and confront any enemy from outside the country.

Under the command of Maj Gen Siri Thiwaphan and the unit commanders at all levels, the 4th Infantry Division has used all its physical and mental powers to develop the units. The target has been to perfect the units and prepare them for combat. Even though there have been shortages of various things, this has not stopped the division from carrying out its tasks. Success has been achieved in developing the units of the 4th Infantry Division and the secondary units under its command. This work must be stepped up in order to develop the units as much as possible. To date, the 4th Infantry Division and its secondary units have carried out the following important tasks:

1. The military camp development project:

The 4th Infantry Division initiated a camp development project because it saw that improving the quality of the personnel was of paramount importance. To score results in developing the men, it was necessary to develop the men and the environment, that is, society, simultaneously.

The project to develop the Naresuan Maharat Camp got underway in 1981. Lt Gen Phrom Phiunuan, the then 3d Army Region Commander, appointed Maj Gen Siri Thiwaphan, the commander of the 4th Infantry Division, to serve as director of the camp development project. Because of the importance of development during a period of great shortages, it was essential to improve the environment within the camp. It was necessary to strengthen discipline and beautify the camp in order to improve the morale and health of the personnel and their dependents in the camp. In carrying on this development project, material and spiritual development were carried on simultaneously.

As a result of this camp development project, discipline at the Naresuan Maharat Camp improved and the filthy and run-down areas in the camp were cleaned up. The barracks and offices were improved and decorated, and lawns and trees were planted. As a result, the camp became a very nice place to live. Morale-building signs were posted in various places in order to encourage each person to be vigilant and to remind them to conduct themselves properly. People who visited the camp praised the results of the camp development project. The army has used the camp development project of the 4th Infantry Division as a model for other military camps throughout the country.

Besides this, the development project of the Naresuan Maharat Camp has encouraged other military camps in the 3d Army Region to implement development projects in order to improve discipline and beautify the camp. Such camps include the Chiraprawat Camp in Nakhon Sawan Province; the Wachiraprakan Camp in Tak Province; the Kawila Camp in Chiang Mai Province; the camp of the 2d Battalion, 7th Infantry Regiment, in Chiang Dao district; the Mengrai Naharat Camp in Chiang Rai Province; the camp of the 17th Infantry Regiment in Phayao Province; and the camp of the 4th Battalion, 17th Infantry Regiment, in

Chiang Kham District (names of camps of the units directly subordinate to the 4th Infantry Division; they have all sent reports to their superior units and are now waiting for authorization from their superior units).

Besides developing the camps, the 4th Infantry Division has served as a leader in developing government and historical sites and improving the environment within Phitsanulok Municipality. Now, the city is very orderly and clean as befitting its position as an historically important city and as the headquarters of the 3d Army Region and of other important government units in the area.

2. Comprehensive battalion development project:

The 4th Infantry Division initiated a comprehensive battalion development project and issued policies to subordinate units down to the battalion level. The main objective was to promote greater political, economic, social-psychological and military security and to get the people and various units to use this as a model in development so that the country makes greater progress. The important results of this project are:

2.1. The political front: The units of the 4th Infantry Division, which are based in various areas in the north, have increased the country's security in a democratic system. They have developed people and society in the localities. They have provided training in both defensive and offensive strategy, instilled political ideals and resolutely supported activities based on the Reserves for National Security project.

2.2. The economic front: The units have carried on activities in order to foster economic security. The personnel in the units have been given training in various occupational fields such as farming; the cultivation of fruit trees, flowering plants and mushrooms; the raising of cattle, buffalo, sheep, goats, fish, ducks, chickens, shrimp, frogs and bees; and the production of handicrafts such as pottery, bricks, woodcarvings and baskets. They have also been trained to work as carpenters, cement workers and mechanics. This training and their experience in carrying on things using the technical principles and using modern technology has enabled the soldiers to help develop and build the localities. A by-product of this project has been that there have been increased revenues for developing the units and increasing their efficiency.

Besides this, the 4th Infantry Division has provided vocational training for the families, particularly for the families of junior officers and enlisted men. They have been taught how to make use of their free time and supplement their incomes by growing crops, planting gardens, doing sewing and needlework, doing cooking and doing washing and ironing. The units have provided tools and instructors and found markets for the products.

2.3. The social-psychological front: The units have carried on activities in order to promote social-psychological security. They have held seminars on moral relations, encouraged religious activities, urged the soldiers and their families to give up vices, promoted the creation of an orderly, cultured and moral society, promoted solidarity and harmony among the men and their families and improved conditions within the camps and in the barracks and offices in order to improve morale, health and sanitation. These things have improved the morale of the troops, fostered greater discipline, strengthened solidarity and harmony and resulted in everyone cooperating to carry out the tasks efficiently.

2.4. The military front: The units have carried on activities in order to build military security. They have taken urgent steps to improve the training and operations of the units and ensure that the units are prepared. The important activities include:

2.4.1. Training has been provided to make the men tougher and more determined. The men have participated in physical exercises, and their physical condition has been tested frequently based on age standards. They go on 2-4 day marches every month.

2.4.2. Combat exercises have been stepped up in order to bring the men up to standard and enable them to use their training to defend the country. Inter-branch exercises have been held in order to achieve real results.

2.4.3. Competition in training new recruits has been promoted. There have been field training competitions between infantry and artillery companies in order to raise the standard of the training.

2.4.4. Weapons training standards have been raised. Every year, under the direction of the 4th Infantry Division, competitions are held in the use of unit weapons and rapid firing.

2.4.5. In order to ensure combat readiness concerning weapons, materials and tactics, combat readiness inspections are held once a month at the battalion level, every 3 months at the regimental level and every 6 months at the divisional level. This has improved the combat readiness of every unit. The units are also required to show what they have achieved in studying and developing the use of weapons and materials based on modern technology.

2.4.6. In order to encourage the units to maintain the weapons and materials in a high state of readiness, competitions are held in maintaining the weapons, materials and vehicles of the units. As a result, the weapons and materials in general are in good condition, and the number of vehicles out of commission has decreased greatly.

3. The project to encourage soldiers to earn degrees:

In order to raise the educational standards of soldiers in the units to the B.A. level or higher and to have the soldiers apply their knowledge and mastery of modern technology in order to generate greater efficiency in their units, the 4th Infantry Division has implemented a program and is giving soldiers a chance to earn a bachelor's degree or even higher degrees. Soldiers take classes during their off-duty hours and occasionally during duty hours. For example, in 1985, the Phibunsongkhram Teachers' College was asked to set up a special program leading to a B.A. in educational administration. A total of 86 men from units directly subordinate to the 4th Infantry Division in Phitsanulok Province and nearby units entered the program, which is a 3-year program.

4. Weapons and military materials development project using modern technology:

The 4th Infantry Division implemented this project in order to develop the weapons and materials and to ensure that they have high efficiency when used under the conditions that exist here. Many units have made weapons development studies of benefit to the military. For example:

4.1. The 3d Battalion of the 4th Infantry Regiment has developed personnel and materials transport planning based on the unit's table of organization and distribution. It has modified containers for packing military equipment, which has made transport easier and faster.

4.2. The 4th Engineers Battalion has modified ammunition casings to replace adapters in firing exercises using M-16 rifles. This has reduced costs by not having to purchase adapters from abroad at a cost of 300 baht apiece.

4.3. The 5th Battalion of the 4th Infantry Regiment has developed a radio antenna that can be used in place of the RC-292 antenna. Each antenna costs about 400 baht to build. This has enabled the unit to overcome shortages of materials not received from superior units. Besides this, the unit has developed a transformer for converting from AC to DC. This has enabled the unit to use household electricity to operate its radios, such as AN/PRC-25, AN/PRC-77, and AN/PRC-34, 46, 47 and 610 radios. This saves batteries. Superior units have supported this fully.

4.4. The 9th Cavalry Battalion has increased the operational efficiency of the M-41 and M-48 A5 tanks using modern technology. For example, it has produced a stabilizer for the 105mm gun in order to increase firing accuracy while moving and created a tank firing program for night firing in cases in which the infrared scopes are out of order and can't be used. The unit has also solved the problem of changing electrical systems in order to prevent short-circuiting, which can cause fires.

5. The program to promote Thai unity in the military units:

In order to support the government's policy, the 4th Infantry Division has ordered its subordinate units to carry on activities based on this program and encouraged them to achieve real results. This has promoted the spread of Thai unity among the units and people in the area, fostered discipline and solidarity among the personnel and created a spirit of unity in developing the unit and country.

6. The program to teach history to the soldiers using video tape recordings:

The 4th Infantry Division implemented this program in order to instill a love for nation, religion and monarchy in the soldiers. In has ordered its subordinate units to carry on activities to hit the targets. Because of these activities, the soldiers are more courageous, and they are proud of their ancestors, many of whom sacrificed their lives defending the nation's sovereignty. They are proud of being Thai, and this has generated a spirit of unity in developing the country.

7. Operations policies for 1985:

In order to perfect the 4th Infantry Division and its subordinate units and increase their combat readiness, the 4th Infantry Division stipulated the following policies for carrying on operations in 1985:

"Vehicles will not break down."
"A complete set of field equipment on the shoulders."
"Ready for combat at all times."
"Develop in all ways."

8. Summary

The development of the 4th Infantry Division and its subordinate units is continuing without stop. The goal is to develop all aspects of the units as much as possible. Even though the units have not yet been perfected, the 4th Infantry Division is confident that the units are prepared to carry out their task of defending the country in their areas of responsibility and to accomplish any other task assigned by higher echelons. This includes supporting national development and helping the country make progress.

11943
CSO: 4207/125

ARMY REGULATION ON DESERTERS PUBLISHED

Bangkok SENASAN in Thai Dec 85 pp 36-39

[Ministry of Defense regulation on deserters]

[Text] Extremely Urgent

Memorandum

Section: Directorate of Personnel (Administrative Division; Tel: 2227200)
No: Ministry of Defense 0401/23160

30 September 1985

Subject: The 1985 Ministry of Defense Regulation on Punishing Deserters

To: The RTA CINC

Reference: Directorate of Personnel secret memorandum No 0401/3261 on Defense Council Meeting No 4/1985 issued 27 August 1985.

Attachments: 1. Ministry of Defense Office of Policy and Planning Memorandum No 0207/W 1547 on drafting the ....(year) Ministry of Defense Regulation on Punishing Deserters

2. Copy of the 1985 Ministry of Defense Regulation on Punishing Deserters

1. The Directorate of Personnel reported that the Defense Council held its fourth meeting of the year at 1000 hours on 5 September 1985 in the Phanurangsi Room. On the agenda was a matter that is the responsibility of the Directorate of Personnel, that is, the drafting of a Ministry of Defense regulation on punishing deserters as detailed in the reference. Following that, the Office of Policy and Planning informed the army based on Attachment 1. In short, those at the Defense Council meeting discussed the matter, issued a resolution approving the draft regulation and turned the matter over to the Office of the Under Secretary. On 23 September 1985, a copy of the regulation--Attachment 2-- was submitted to the army.

2. The Directorate of Personnel examined Attachment 2 and considered the matter together with the Regulations Division, Secretarial Department, Ministry of Defense. It was found that the minister of defense signed the 1985 Ministry of Defense Regulation on Punishing Deserters on 18 September 1985, which is the date that this regulation went into effect. Thus, in order to prevent unfavorable results during implementation, it is felt that the Adjuntant General Department should send copies to all subordinate army units and that this should be considered to be an urgent operational principle.

3. Recommendation: The Adjuntant General Department should send copies of the 1985 Ministry of Defense Regulation on Punishing Deserters to all subordinate units. This should be considered to be an operational principle.

This is being submitted to you for consideration. If you agree, please approve the recommendation made in Paragraph 3.

Signed: Maj Gen Prasoet Sanrut
Director of Personnel

To: The RTA CINC (through the assistant RTA CINC (1))
Feel that Directorate of Personnel recommendation should be approved

Signed: Maj Gen Sirichai Laksaniyanawin
Assistant Army Chief of Staff for Personnel
1 October 1985

Recommendation approved by order of the RTA CINC
Signed: Lt Gen Akkhaphon Somrup
Assistant RTA CINC (1)
2 October 1985

1985 Ministry of Defense Regulation on Punishing Deserters

Because of the need to revise the rules for punishing people who go AWOL or desert, the following regulation is hereby issued:

Article 1: This regulation is named the "1985 Ministry of Defense Regulation on Punishing Deserters."

Article 2: This regulation is effective immediately.

Article 3: Revoke:

3.1. Military regulation 5/9103 of 21 October 1932 on punishing deserters.

3.2. Military order 219/13918 of 5 February 1936 on revising military regulations.

3.3. Military order 46/2474 of 24 February 1945 on revising military regulations.

3.4. The 1959 Ministry of Defense Regulation on Punishing Deserters (second edition).

If any other regulation or order is covered in this regulation or conflicts with this regulation, this regulation takes precedence.

Article 4: In this regulation:

4.1. "Soldier" refers to a soldier on active duty based on the Law on Military Service.

4.2. "Punishment" refers to a punishment based on the Law on Military Discipline.

4.3. "Non-normal times" refers to periods in which there is fighting or war or in which marshal law is in effect.

4.4. "Normal times" refers to periods in which there is no fighting or war and marshal law is not in effect.

4.5. "AWOL" means failure to appear for duty as follows:

4.5.1. Absent less than 24 hours in the face of the enemy, or

4.5.2. Absent less than 3 days in non-normal times, or

4.5.3. Absent without leave or failure to return from leave in normal times, less than 15 days.

4.6. "Desertion" means failure to appear for duty as follows:

4.6.1. Absent for 24 hours or more in the face of the enemy, or

4.6.2. Absent for 3 days or more in non-normal times, or

4.6.3. Absent without leave or failure to return from leave in normal times, 15 days or more, or

4.6.4. Absent with the intention of disobeying an order calling for the transfer of an army, navy or air force unit or a mobilization order.

Article 5: In punishing a person based on this regulation, the commanding officer is to mete out punishment each time a person goes AWOL or deserts. The punishments must be based on the criteria stipulated in this regulation. However, the punishments must not exceed the maximum penalities stipulated in the Law on Military Discipline.

Article 6: Counting the number of times a person has gone AWOL and deserted and computing the days of punishment:

6.1. In cases of desertion, count only the times that a person deserted.

6.2. In AWOL cases, count both the times that a person was AWOL and the times that he deserted.

6.3. If a person is AWOL less than 24 hours in normal times, that is not to be counted as an absence and no punishment is required based on this regulation.

6.4. In counting days of punishment, if there is a fraction of a day, it can be disregarded.

Article 7: If a soldier is AWOL or deserts in normal times, his commanding officer must take the following action:

7.1. If AWOL but returns of own accord:

First offense: Imprison for up to 3 days.

Second offense: Imprison for half the number of days absent.

Third and each subsequent offense: Imprison for the number of days absent.

7.2. If deserts but then returns of own accord:

First offense: Imprison for one-fourth the number of days absent.

Second offense: Imprison for half the days absent.

Third and each subsequent offense: Imprison for the number of days absent.

7.3. If AWOL or deserts and is captured:

If it is necessary to send people to arrest him or he is arrested by officials, double the punishments stipulated in 7.1 or 7.2.

Article 8: If a soldier is AWOL in non-normal times, the commanding officer must take action as follows:

8.1. First offense: Imprison for the number of days absent.

8.2. Second offense: Imprison for double the number of days absent.

8.3. Third and each subsequent offense: It is up to the commanding officer to decide on a suitable punishment. However, the sentence must not be less than that stipulated in 8.2.

Article 9: If a soldier deserts in non-normal times, the commanding officer must take action as follows:

9.1. First offense, less than 30 days: If the soldier returns of his own accord, imprison for the number of days absent. If he is arrested, imprison for double the number of days absent.

9.2. First offense, more than 30 days, or second offense: The commander must file charges against the deserter. However, if there are special mitigating circumstances, the commander can order the deserter punished as appropriate. But the sentence must not be less than that stipulated in 9.1.

9.3. Third and each subsequent offense or desertion with intention of disobeying an order to transfer an army, navy or air force unit: The commander must file charges in court.

Article 10: The commander must file charges against soldiers who desert in each of the following cases:

10.1. Whenever the sentence exceeds 6 months, or

10.2. Whenever a deserter is charged with some other criminal offense in addition to desertion.

Article 11: If the statute of limitations has expired in the case of a deserter, that soldier can be discharged into the reserves, type 2, or discharged from service entirely depending on the case and based on the Law on Military Service. No punishment is necessary.

Paragraph 1 above applies in cases in which the statute of limitations has expired in a desertion case and the commanding officer has not meted out punishment or the violator has been sentenced but has not completed his sentence.

Article 12: Registered men and reservists who are called to active duty and who subsequently go AWOL or desert are to be punished based on articles 5, 6, 7, 8 and 9 mutatis mutandis.

Soldiers who are called up for inspection, military training or tests of readiness and who go AWOL or desert are to be punished as stipulated in Paragraph 1 above but not to exceed 3 months.

However, if a person fails to appear for duty during a mobilization or when called up for inspection, military training or a test of readiness, he has violated the Law on Military Service and must be tried in court. In such cases, the commander cannot mete out punishment based on this regulation.

Issued on 18 September 1985

Signed: Gen Prem Tinsulanon
Minister of Defense

Note: This regulation has been promulgated in order to update Military Regulation No 5/9103 on Punishing Deserters issued on 21 October 1932, which was subsequently revised by three military orders and regulations, and to ensure that things are in line with the 1983 Prime Ministerial Regulation on the Work of the Adjutant General.

11943
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EXPATRIATE WORKER REMITTANCES DROP FOR 1985

Bangkok NAEO NA in Thai 30 Dec 85 p 10

[Unattributed report: "Expatriate Worker Remittances Drop 23 Percent; Reason Is That Middle Easterners Pay Lower Wages to Newly-Hired Workers"]

[Text] In 1985 only 70,000 workers went to work abroad, a decline of more than 7 percent. During the first 6 months of 1985, remittances by workers working in the Middle East declined from 8.17 billion baht to 6.27 billion baht, a drop of 23 percent. One reason is that many Thai workers who have been working there for a long time have been dismissed.

Mr Padon Omonchiwin, the head of the Labor Market Development Section, Administrative Office for Expatriate Thai Workers, told NAEO NA that during the first 11 months of 1985, 63,330 workers were sent to work abroad through the auspices of the Department of Labor. This was a 9.7 percent drop as compared with the same period in 1984, when 70,170 workers were sent. It is expected that a total of approximately 70,000 workers will be sent in 1985, which is only 5,021 fewer people than were sent in 1984.

As for sending workers abroad without going through the Department of Labor, which is referred to as "going underwater," it is impossible to determine the exact number sent. But it is thought that the number may be as high as 40 percent of the number of workers sent abroad.

During the first 6 months of 1985, expatriate Thai workers remitted a total of 11,657.30 million baht through the banking system, a 10.7 percent increase as compared with the same period in 1984, when workers remitted a total of 10,530.30 million baht.

There are two points worth noting about the above data. First, since 1982, the number of workers sent abroad has tended to decline. In 1982 a total of 108,519 workers were sent abroad. But during 1983 and 1984, the number declined to 68,484 and 75,021 respectively. And in 1985 it is expected that only about 70,000 workers will be sent. Second, even though the amount of money remitted through the banking system increased 10.7 percent during the first 6 months of 1985 as compared with the first 6 months of 1984, remittances from workers in the Middle East declined greatly. During the first 6 months of 1984, workers in the Middle East remitted 8,173.50 million baht. But during the first 6 months of 1985, remittances from the Middle East totaled only 6,266.20 million baht, a drop of 23.34 percent.

This is very interesting because the Middle East employs almost all of Thailand's expatriate workers. The great drop in remittances may be due to the following: 1. The number of new workers going to work in the Middle East has not declined. But employers in the Middle East have dismissed many of the workers who have been working there for a long time. 2. Wages and benefits paid in the Middle East have declined greatly.

It is difficult to analyze trends in Thai labor markets abroad. This is because many factors are involved, and they are all beyond our control. But it can be noted that the demand for laborers in the Middle East has begun to decline, and the types of laborers needed have changed.

Other labor markets outside the Middle East have not expanded very much. Only the Malaysian and Brunei markets have expanded. Some markets have a policy of not hiring any more expatriate workers. For example, Singapore will no longer hire any expatriate workers after 1991 because of domestic economic problems. However, this will have little effect on Thailand because this is a very small labor market.

"Altogether, there seems to be little chance of expanding the markets. But the markets probably won't shrink rapidly as some people predict," said Mr Pakon.

Thai Workers to Whom the Department of Labor Gave Approval To Work Abroad

Year	Number	Year	Number
1979	10,567	1982	108,519
1980	21,484	1983	68,484
1981	26,740	1984	75,021
		1985 (11 Months	63,330

Note: During the first 11 months of 1984, 70,170 workers were sent abroad. It is expected that the total number sent in all of 1985 will reach 70,000.

Amount of Money Remitted by Expatriate Thai Workers
(Through the Banking System Only) (Millions of Baht)

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1979	3,818.3	1981	10,428.2	1983	19,457.3	1985	11,657.3
1980	7,703.0	1982	14,221.7	1984	21,117.7		

Note: During the first 6 months of 1984, 10,530.30 million baht was remitted. A total of 8,173.50 million baht was remitted from the Middle East. During the first 6 months of 1985, a total of 6,266.20 million baht was remitted from the Middle East.

11943
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EDITORIAL BACKS FARMERS' PROTEST

Bangkok NAEO NA in Thai 7 Jan 86 p 4

[Editorial: "The Farmers' Demonstration"]

[Text] Farmers and pineapple growers held a demonstration in front of the Government House beginning on the evening of 5 January. They demanded that the government take action to improve rice and pineapple prices.

Prior to this demonstration, there were reports about the problems being experienced by the farmers. They have not been able to sell their rice at the prices stipulated by the government. Farmer representatives stated that if the government did not solve this problem, farmers would stage a protest demonstration in Bangkok. As for the pineapple growers, even though there had been reports about the decline in pineapple prices, no one had foreseen that the pineapple growers would participate in the demonstration in front of the Government House.

One farmer from Uthai Thani Province who participated in the demonstration said that he has been a farmer almost all his life, and rice prices have never been as low as they are today. Rice prices have fallen greatly during the past few years. In particular, in 1984 rice sold for only 1,700-1,800 baht per kwian [1 kwian equals 2,000 liters]. Because of this, many farmers are deep in debt.

Thailand's political history shows that the rice price problem of the farmers is a matter that people have been arguing about ever since the change of administration in 1932. This problem has led to the downfall of several governments. Looking at the facts about rice prices, it can be seen that while there have been many changes and while rice mill owners, rice traders and bankers have become very wealthy, farmers' rice prices have remained virtually unchanged. During the past 10 years, while the value of the baht has declined, instead of rising, farmers' rice prices have fallen.

Farmers make up the bulk of the population in Thailand. They have been praised as being the backbone of the country. It will be difficult to solve the economic problems if the farmers' purchasing power is low. But how can the farmers' purchasing power increase if the price at which they sell their rice cannot cover costs?

The government must take urgent measures to solve this problem. It must try to separate the real problems of the farmers from other problems, including the political problems, that may be intermixed with this. The farmers really are experiencing problems. It just depends on whether these problems are discussed. As for the political problems, the government already knows how complex the present political situation is. Unless urgent action is taken to solve the farmers' problems, the political problems could grow worse. And no one, not even the farmers, wants that to happen.

11943
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COMMERCE MINISTRY PUBLISHES REGULATIONS ON RICE EXPORTS

Bangkok DAILY NEWS in Thai 10 Jan 86 pp 3, 2

[1986 Ministry of Commerce Regulation on the Export of Rice and Rice Products, issued 2 January 1986 by Mr Koson Krairuk, minister of commerce]

[Text] To help ensure that the export of rice and rice products proceeds in accord with domestic production and marketing conditions and hits the targets set in the government's policy on exports, based on the power granted by Article 4 of the 1947 Royal Decree on Controlling the Export of Certain Types of Goods (13th Edition), Article 10 of the 1974 Farmers Welfare Fund Act and Article 17 of Revolutionary Council Announcement 216 on Improving the Ministries, Bureaus and Departments issued on 29 September 1972, the minister of commerce hereby stipulates the following regulations on the export of rice and rice products:

Article 1: This regulation is entitled "The 1986 Ministry of Commerce Regulation on the Export of Rice and Rice Products."

Article 2: This regulation goes into effect that day after it is announced.

Article 3: The 1985 and 1984 Ministry of Commerce regulations on the export of rice and rice products, the 1985 Ministry of Commerce Regulation on Developing Government-to-Government Rice Contracts To Stimulate 1985 Rice Stocks and Ministry of Commerce Order 507/1983 on Regulations on Purchasing Rice for Shipment to Foreign Governments issued on 29 December 1983 are hereby repealed.

Article 4: Other regulations and orders now in effect are to remain in effect unless they conflict with this regulation.

Article 5: This regulation does not apply to the export of rice and rice products shipped for noncommercial purposes.

Article 6: In this regulation:

"Rice" refers to paddy, millied but unpolished rice, steamed rice, milled rice, dry-roasted rice, and other forms of rice as stipulated by the Department of Foreign Trade.

"Rice products" refers to rice vermicelli, rice noodles, rice flour paste, rice flour, flour wrappers and other products made from rice as stipulated by the Department of Foreign Trade.

"Minister" refers to the minister of commerce or to a person designated by the minister of commerce.

Article 7: Qualifications of exporters:

7.1. Those who have the right to request permission to export rice must have the following qualifications:

(A) Must be registered to engage in the rice trade and to export rice based on the 1946 Rice Trade Act.

(B) Must be a member of the Rice Exporters' Association and must obey the association's regulations that have been approved by the minister.

7.2. Those who have the right to request permission to export rice products must be a juristic company or limited company that is in business to export rice products. It must have documents from the Department of Commercial Registration showing that it is a registered company.

7.3. The person must not have done anything that harms rice exports or that adversely affects the country's economy or security.

7.4. The person must have obeyed the conditions set for rice traders and must not have had his rice exporting license revoked based on the 1946 Rice Trading Act. He must not have had his right to request permission to export rice revoked by the minister for engaging in illegal activities, violating the regulations or failing to abide by the regulations and rules of the Department of Foreign Trade or for some other reason as stipulated by the minister.

7.5. The following are excluded: any person who holds more than 50 percent of the shares, the manager, members of the board or people who hold power on their behalf, or former managers, members of the board or people who held power on their behalf who have done something that harms rice exports or that adversely affects the country's economy or security or who have had their registration as rice exporters revoked.

When appropriate, the minister may waive the qualifications in articles 7.1. (B), 7.3., 7.4. or 7.5.

Article 8: Collecting rice stocks:

In order to maintain domestic rice prices, the minister may require those who have the right to request permission to export rice to maintain rice stocks. The rice stocks must be collected according to the regulations and methods stipulated by the minister.

Article 9: Stipulating amounts of rice to be exported:

Setting amounts of rice to be exported must be done as stipulated by the minister.

Article 10: Exporting private-sector rice:

Private-sector rice must be exported based on the regulations and methods stipulated by the minister.

Article 11: Exporting public-sector rice:

Public-sector rice must be exported based on the regulations and methods stipulated by the minister.

Article 12: Exporting rice to target markets:

In order to maintain price levels and stability in the rice trade both here and abroad, the minister will designate target markets as follows:

12.1. The minister will designate one or more exporters and make them responsible for exporting rice to a country or group of countries, which are referred to as the target markets.

12.2. After the minister has stipulated target markets, no one may export rice to the target markets unless they act in accord with the regulations and methods stipulated for exporting rice to target markets.

12.3. When appropriate, the minister may appoint a committee to handle rice exports to target markets.

12.4. The regulations and methods for exporting rice to target markets must be approved by the minister.

Article 13: Selling through a foreign agent:

Those with the right to export rice may sell only through those foreign agents who have been approved by the minister.

Article 14: Requesting a rice export permit:

Requests for rice export permits must be made in accord with the regulations and methods stipulated by the Department of Foreign Trade.

Article 15: Exporting rice:

Those with the right to export rice abroad must ensure the following:

15.1. The rice that is exported must meet the standards stipulated by the Ministry of Commerce or match the sample previously approved by the Department of Foreign Trade. It must also match that stipulated in the export permit.

15.2. Before rice can be exported, it must pass a quality-control inspection by the Chamber of Commerce of Thailand.

15.3. In cases in which rice is shipped abroad in bags, the packing methods and packing materials used must conform to the regulations and methods stipulated by the Department of Foreign Trade.

15.4. The rice must be shipped at the times stipulated by the Department of Foreign Trade.

Article 16: Signing rice export insurance agreements:

When appropriate, the Department of Foreign Trade will require those with the right to export rice to sign a rice export insurance agreement and a commercial bank insurance agreement based on the amount of rice to be exported. This must be done based on the regulations and conditions stipulated by the Department of Foreign Trade.

Article 17: Exporting rice products:

Requesting permits and exporting rice products must be done based on the regulations and methods stipulated by the Department of Foreign Trade.

Article 18: Export fees:

Those with the right to export rice or rice products must pay an export fee on the rice or rice products at the rate in effect at the time they requested an export permit. The fee must be paid based on the method stipulated by the Department of Foreign Trade.

Article 19: The Department of Foreign Trade is responsible for announcing the regulations, methods and conditions stipulated or approved by the minister based on this regulation.

Article 20: The director-general of the Department of Foreign Trade is responsible for ensuring that things are done based on this regulation.

11943
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ATHIT-CHAWALIT RELATIONSHIP DESCRIBED

Bangkok LAK THAI in Thai 12 Jan 86 pp 19-21

[Unattributed report: "Big Sun and Big Chiu, a New Couple"]

[Text] Gen Athit Kamlangek, the supreme commander and RTA CINC, inspected military units and celebrated the New Year in the 3d, 4th, 1st and 2d army regions in that order. He left on his trip before the start of the new year. He is still in the northeast touring the Cambodian border and visiting the Suranari Unit, which is commanded by Maj Gen Bunthaen Nianchaloei. This is something that he does each year at New Year's time in order to boost the morale of the troops.

It is worth noting that Gen Chawalit Yongchaiyut, the army chief of staff, has accompanied him on this trip. The pictures that have been released seem to indicate that Big Sun and Big Chiu are very close to each other. That is the feeling of most villagers. But in the view of militarymen, it is normal for the army chief of staff to accompany the RTA CINC on his trips. This is because the command and staff lines must coordinate things at all times. Thus, in accompanying Gen Athit, Gen Chawalit is simply doing his duty as army chief of staff.

Viewed from another angle, when Gen Chawalit Yongchaiyut was appointed army chief of staff last October, as a senior army officer who had just been appointed to this position, he should have visited the various units and regions in order to meet his subordinates and talk with them about any problems that they might be experiencing. But Gen Chawalit Yongchaiyut did not do that.

Just after his appointment, Gen Athit Kamlangek visited several regions in order to meet with his subordinates in the provinces and inform them of the policies. After the events of 9 September, Gen Chawalit Yongchaiyut made one trip with Gen Athit. This is considered to be his second trip. Thus, this is being watched carefully and is viewed as something "special."

Actually, Gen Chawalit Yongchaiyut has links with all factions because he has a very attractive personality and all sides recognize his capabilities. Some may view him as leaning too far toward his "old boss," that is, Gen Prem Tinsulanon, the prime minister and minister of defense. He once served as an aide to Gen Prem. Furthermore, Gen Chawalit has served as a link between the political parties and Gen Prem. He has been the link between Gen Prem and M.R.W. Khukrit Pramot. At the same time, during the events of 1 April 1981, April Hawaii, Gen Chawalit, who was then the director of operations with the rank of major general, played a major role in suppressing the rebellion. Another person who played a major role in this was Gen Athit, who was then the deputy commander of the 2d Army Region with the rank of major general. Following that, Gen Chawalit followed Gen Athit closely up the ladder. Lt Gen Phichit Kunlawanit, the 1st Army Region commander, is another person who has followed closely. A Chawalit "line" came into being automatically when fellow classmates from Chulachomklao Royal Military Academcy [CRMA] Class 1 were appointed to important positions in the army. Such people include "Gen D Day," Lt Gen Wanchai Ruangtrakun, the deputy army chief of staff; "Big Chot," Lt Gen Sunthon Khongsomphong, the commander of the Special Warfare Command; and Lt Gen Charuai Wongsayan, the assistant army chief of staff for civil affairs. He also has links to members of CRMA Class 5, who control almost all of the important positions at the divisional level. Thus, CRMA Class 1 is now rising rapidly just like Army Preparatory School Class 5, the class of Gen Athit Kamlangek, did in the past. However, APS Class 5 is now breaking up because most members have retired.

Gen Chawalit Yongchaiyut is so close to Gen Prem Tinsulanon that it can be said that he is the one who is propping up Gen Prem both politically and militarily. But Gen Chawalit also has close ties to Gen Athit Kamlangek. This is because CRMA Class 5, which has ties to CRMA Class 1, also has ties to Gen Athit Kamlangek and Lt Gen Phichit Kunlawanit. If CRMA Class 5's ties to these two factions are compared to rope knots, the question is, which knot is growing tighter and which one is slipping?

Because of such ties, Gen Chawalit Yongchaiyut is in a singular position. That is, all factions have ties to Big Chiu, the computer of the army.

"There is no competition among members of our class. If a member of the class has a chance to advance, we have to give him our full support. Take Chiu, for example. Everyone supports him as a friend and as a respected boss. Because he is now senior to us," said an important member of CRMA Class 1.

The fact that Gen Athit Kamlangek and Gen Chawalit Yongchaiyut, the new army chief of staff, now refer to each other as "chi" (a new term being used by soldiers to refer to each other; it may come from the word "chuchi"--to "utter endearments") and the pictures being shown in the newspapers and on television can be viewed from several angles. People feel that things were not this way in the past. Sometimes people view them as belonging to different factions. Sometimes it is thought that it was Gen Prem Tinsulanon who "recommended" this path to Big Chiu, his former aide. But actually, it's because this is his duty and because he has ties to all factions, which all sides have to accept.

Gen Chawalit Yongchaiyut is the army chief of staff. He could have visited the units in the provinces by himself. But he didn't. He has tried to remain in the background and has visited the units together with his "boss." This could be an important psychological move. If Gen Chawalit Yongchaiyut had "begun running" just after being promoted to army chief of staff, that would have created an image of "stepping on this class." When his "boss" makes a trip, he asks to accompany him. This creates a softer and friendlier image. Thus, he is scoring points for himself.

At many units that Gen Chawalit used to visit frequently on a "personal" basis, the commanders have been "requested" not to think this or that now that he is the army chief of staff. If they want him to visit the unit, they should extend an invitation or ask him to come on an official visit at a particular time. He will no longer come just because he feels like it or because he misses them. This shows that Gen Chawalit Yongchaiyut is being very careful about "movements" that could generate "feelings."

Even though Gen Chawalit Yongchaiyut has visited the units as a member of an entourage, the close relations that he forged in the past are still intact. He has also made these trips to show himself in his new capacity as army chief of staff without creating an "image within an image" or an image that could "frighten" one of the factions. Thus, everyone seems to be very happy and relations seem to be very cordial.

11943
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ATHIT REORGANIZATION OF BANGKOK PEACEKEEPING COMMAND

Bangkok LAK THAI in Thai 12 Jan 86 pp 23-24

[Unattributed report: "Reorganization of the Bangkok Peacekeeping Command, a Plan To 'Trim' the Power of the 1st Army Region"]

[Text] The order by Gen Athit Kamlangek, the supreme commander and RTA CINC, to transfer the Norasing Unit, which is the main unit of the Bangkok Peacekeeping Command (BPC), from the 1st Army Region (Suan Mitsakawan) to Supreme Command Headquarters (Sanam Sua Pa) following the events of 9 September last year indicate a major reorganization of the BPC. Orders were issued to move the operations, intelligence, logistics and personnel units to Supreme Command Headquarters at Sanam Sua Pa. Only the civil affairs unit was left in place at the 1st Army Region at Suan Mitsakawan.

Shortly after that, a new order was issued establishing new positions and changing the personnel in the top positions of the BPC. The newly created positions include "assistant commander of the BPC," one slot, and "deputy chief of staff of the BPC," two slots. This order went into effect on 1 October 1985. Air Vice Marshal Kaset Rotchananin, the deputy air force chief of staff, was appointed "assistant commander of the BPC." Maj Gen Rawi Punyarutseni, an army special operations officer, and Maj Gen Kamon Udomsin, the secretary of Supreme Command Headquarters, were appointed deputy chiefs of staff of the BPC.

As for the personnel changes in the top positions, Lt Gen Somkhuan Suwan, the assistant head of staff officers attached to the supreme commander, was appointed chief of staff of the BPC in place of Maj Gen Chamlaeng Uchukomon, the chief of staff of the 1st Army Region. Besides this, Col Pricha Rotchanasen was appointed chief of the Intelligence Division, Col Suthin Buntamasonthi was appointed chief of the Operations Division, Col Narong Sanlak was appointed chief of the Personnel Division, Col Somsak Sanyakamthon was appointed chief of the Civil Affairs Division and Maj Gen Maitri Charoensin was appointed public relations officer.

"Before this reorganization, most of the important positions, including the position of chief of staff of the BPC and the divisional chief positions, which are important staff positions, were held by people from the 1st Army Region. As for why these changes were made, the reason given is that it was desired to give these positions to people who have the time to carry out these duties. The people in the 1st Army Region are already swamped with work. Another important reason is that the BPC, which is a special action unit, should have greater independence of action," said a senior officer to LAK THAI.

As for the new structure of the BPC, particularly the position of BPC chief of staff, which is a key position in this unit, the BPC is now clearly separate from the 1st Army Region. Even though people from the 1st Army Region continue to hold certain positions in the BPC, those positions are not very important.

The BPC was established based on the National Peacekeeping Plan. The prime minister appointed the supreme commander to serve as the director, or commander, of the Bangkok Peacekeeping Command. He has the authority to issue orders to army, navy, air force, police and civilian units in order to maintain order in Bangkok Metropolitan, Samut Prakan, Nonthaburi, Pathumthani and Samut Sakhon as necessary. The unit was established in 1981 following the events of 1 April 1981. It was established within the 1st Army Region (Suan Mitsakawan).

The BPC is composed of special action forces as follows: an army component commanded by Lt Gen Phichit Kunlawanit, the 1st Army Region commander; a navy component commanded by Rear Admiral Amnuai Iamsuro, the commander of the Bangkok Naval Station; an air force component commanded by Air Vice Marshal Prayat Ditsayasin, the commander of the RTAF Security Force; a police component commanded by Police Lt Gen Pranet Rutrucha, the deputy director-general of the Police Department; and a civilian component headed by Mr Phisan Mulasatsathon, the under secretary of interior.

Besides these, there is also the Norasing Unity, a mixed unit that is on standby alert. It provides support to other units whenever something serious occurs, and it supports the police in its normal area of responsibility if requested to do so. It also provides protection for important locations.

Structure of the Bangkok Peacekeeping Command

Commander of the BPC
(Gen Athit Kamlangek)

Deputy Commander of the BPC
(Gen Chawalit Yongchaiyut)

Assistant Commander
(Lt Gen Wanchai Ruangtrakun)

*Assistant Commander
(Air Vice Marshal Kaset Rotchananin)

*Deputy Chief of Staff (Maj Gen Rawi Bunyarutseni	Chief of Staff (Lt Gen Somkhuan Suwan)	*Deputy Chief of Staff Maj Gen Kamon Udomsin
Army Unit Commander (Lt Gen Phichit Kunlawanit)	Navy Unit Commander (Rear Adm Amnuai Iamsuro)	AF Unit Commander (AVM Prayat Ditsayasin)
Police Unit Commander (Police Lt Gen Pranet Rutrucha)	Civilian Unit Commander (Mr Phisan Mulasatsathon)	

Note: The symbol * designates newly established position.

11943
CSO: 4207/138

AMNUAI YOTSUK ON SAP UNITY FOR CABINET CHANGES

Bangkok MATICHON SUT SAPDA in Thai 12 Jan 86 pp 10, 11

[Interview with Mr Amnuai Yotsuk, an SAP MP from Chiang Mai Province and the deputy minister of finance; date and place not specified]

[Excerpts] [Question] Why did the Social Action Party, which is the largest party in the government, call for a cabinet reshuffle?

[Answer] The SAP did not initiate this. But we agree that there should be a reshuffle. The party has constantly been criticized for this and that. The minister of agriculture has worked to enable the farmers to produce much rice and now people are criticizing the SAP for having them produce so much rice that they can't sell it. That's ridiculous. Recently, the minister of commerce, who is a member of the SAP, sold an unprecedented amount of rice abroad. And yet he was criticized. What do people want?

[Question] Did Achan Khukrit resign his position as party leader in order to give members a chance to push for a cabinet reshuffle because of his opposition to Ministry of Finance policies?

[Answer] No, that's not correct. His resignation was a very ordinary matter. He is now very old and does not have much energy. The recent by-election showed that few people listened to him. That was a very ordinary decision. It was a good decision. He knew when enough was enough. That is a good example for democratic people. Because the position of leader of Thailand's largest party is an important position. But he felt that he had done all he could and that it was time to retire. He did not try to cling to something that is transitory in nature. His health would not permit him to continue. He did not want to suffer needlessly. He knew when enough was enough.

[Question] Was the movement to have a cabinet reshuffle started by a certain group of MPs within the party?

[Answer] The party has been calling for this for a long time. The party has discussed this and has a view on this. When Achan Khukrit resigned, the MPs discussed matters and came to this conclusion. We had to continue working.

But out of politeness, we had to talk with the prime minister first because he is the head of the government. And the SAP is a part of the government. We had to discuss this with him and get his views.

[Question] Was the party executive committee meeting on 7 January held in order to assign new positions?

[Answer] According to the agenda, the meeting on 7 January was held in order to discuss the structure of the party. I don't know if anything else was discussed or not. I don't know if new ministers were chosen. I am not that high up. I don't know whether the party submitted a recommendation to the prime minister calling on him to reshuffle the cabinet. The prime minister must make the decision on changing people. I don't know which people the party proposed. At the 7 January meeting, they probably discussed what should be done. I don't know whether there will be a reshuffle or not.

[Question] Hasn't the SAP failed to score results in administering the ministries concerned with the "mouths and stomachs" of the people?

[Answer] Do you know why? Because the SAP has not received support from the other ministers. Take rice, for example. Why haven't the mills purchased paddy at the prices stipulated by the government? It's because the banks have not extended credit to the mills. The commercial banks are afraid of the Ministry of Finance. They are afraid of not being repaid. How can sole blame be fixed on the Ministry of Commerce? I can't force the banks to do anything. As for there being a conflict with the Ministry of Agriculture, that is not true. The ministers of commerce and agriculture have always cooperated with each other. They have conducted inspections. They both know what the problems are. There is no conflict between them.

The SAP has been criticized unfairly. In particular, there are several important factors that have prevented the rice policy from succeeding. This is not all the fault of the SAP ministers. The various mechanisms did not all originate with us. Things did not work well because of the lack of cooperation. People did not listen to us. They refused to play. Others must be found to play instead. Several ministries are involved. But the press has blamed just one ministry. Mr Koson has had to take all the blame.

[Question] The government has only 17 months left before the end of its term. If the cabinet is reshuffled, how much will it be able to accomplish?

[Answer] I think that it will be able to function all right. Things will be all right if the right people are given the right jobs. For example, suppose that a well-known singer goes on stage but no one wants to listen. And so a terrible singer is brought in, but people flock to see how she will do. Which one do you think will earn more money?

[Question] If the SAP should happen to be given the finance portfolio, how confident are you of the SAP's ability to handle the country's financial and monetary problems, particuarly in the present economic recession? Is anyone prepared for this?

[Answer] There has to be someone. It just depends on whether they are given a chance. Some people without capabilities are given a chance while others with capabilities are never given a chance. The question is whether the finance portfolio should go to a monetarist who will keep a tight rein on spending or to an economist who will step up spending to stimulate the economy, which will soon see a return on investments. The SAP can definitely handle the economic problems if given a chance. But no decision has been made yet and so people shouldn't start making criticisms.

[Question] If the cabinet reshuffle does not improve things, are you afraid that the political situation could grow even worse and result in parliament being dissolved?

[Answer] There would have to be a reason for dissolving parliament. For that to happen, there would have to be a conflict between the government and the parliament. But parliament is not in session at this time and so there is no conflict. If things get worse and the members of the SAP support convening parliament, that's an entirely different matter. If parliament is convened, that could happen. But at present, there is no indication that SAP MPs will exert pressure to convene parliament. The time for that has not yet come.

[Question] If an election is held ahead of schedule, will the SAP stumble?

[Answer] Let's not make such predictions. I am in no position to say whether the party is parpared for an election. Let's wait and see whether a crisis does develop before we talk about this. Parliament has not yet convened. The show hasn't begun yet. There has to be a conflict between parliament and the government. The government is not in trouble. That won't happen. The government is not that bad. I have not criticized anyone. Everyone has been doing a good job. It's just that this "movie" has not been bringing in any money and so there has to be a change.

[Question] If the assignment of portfolios does not turn out satisfactorily, will this cause greater turmoil within the SAP?

[Answer] If you are going to be a boxer, you can't be afraid. You can't fear disappointment. To a moth that flies near a flame in winter, the flame is not hot. Many people have said that without Achan Khukrit, the SAP will fall apart. But look for yourself. An acting party leader was selected without any problem. Achan Khukrit is gone now, but the party's policies and ideals are still intact. The SAP was formed by people who shared similar ideals. People still share those ideals. They still have the same lines and targets. Everyone understands that the suffering of the farmers is the nation's suffering. Our policies and targets remain unchanged. The SAP's goals should not be changed.

[Question] Will the new acting party leader be accepted, and will he be able to control the party members?

[Answer] If people did not accept him, would the party have issued a unanimous resolution? But as for whether or not he will become the permanent party leader, that depends on his skills. He has said that he does not know much about this job. Serving as party leader is not a minor job; it is a major task. But he has great prestige. As for having or not having money, I don't think that matters.

11943
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ANALYST VIEWS CAMBODIA POLICY, ADVOCATES INDEPENDENT STANCE

Bangkok SIAM RAT SAPDA WICHAN in Thai 12 Jan 86 p 30

[Article by Chen Charik: "The Farce of the Visit to the Cambodian Border"]

[Excerpts] There may be many people who are not very interested in the events taking place along the Thai-Cambodian border. This may be because they are so concerned about their own economic problems. Thus, they may not be very interested in what is going on between the Ministry of Foreign Affairs and the military.

On 6 December 1985, Mr Sawanit Khongsiri, the director-general of the Information Department, Ministry of Foreign Affairs, told reporters that Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs, and Squadron Leader Prasong Sunsiri, the secretary-general of the National Security Council, had recently visited the border in order to inform the troops stationed there of the military policy. But Gen Athit Kamlangek, the RTA CINC and supreme commander, strongly objected to this on technical grounds.

The statement issued by the director-general of the Information Department seems to indicate that there is a conflict between the military and the minister of foreign affairs and secretary-general of the National Security Council. That there is a conflict can be assumed from the fact that people responsible for foreign affairs and national policy flew to the border to inform people at the front of the policy without first going through senior military officers. This is an important point. If they had visited our brave soldiers as politicians, there would not be any problem. But this trip created an awkward situation. This has created problems and led to a misunderstanding.

It is normal for people at the level of minister of foreign affairs and secretary-general of the NSC to visit troops stationed along the border. And when they do so, it is only natural that they will be asked about the problems and about the government's foreign policy. Because the soldiers stationd along the border may not have a clear understanding of the government's foreign policy. Even ASEAN's attitude is unclear. People don't know whether the policy is to have the Thai military go on the offensive or remain on the defensive, which has not had any positive results at all. The Thai soldiers stationed along the border have been adversely affected in almost all cases. But at the same time, some of the ASEAN countries, such as

Singapore, are making profits in Vietnam and Cambodia. What is even clearer is that Japan, which opposes Vietnam's occupation of Cambodia, has begun investing in and sending large numbers of technical experts to Cambodia. This is why the military does not understand the attitude of the administration. How carefully have they studied and analyzed the events now taking place?

Like soldiers at all levels and like those stationed along the border, I feel that the Prem government's foreign policy is rather vague. The Thai foreign minister has presented many proposals at ASEAN conferences. And while these proposals have been approved by the majority at the conferences, they have never been put into action. Rather, the ASEAN countries have tended to igore them. A clear example is that the Thai foreign minister offered to serve as the middleman in opening proximity talks. Even though Malaysia was the first one to propose this idea, this was rejected by Vietnam and Cambodia. When Thailand again proposed this, no one responded. This caused Thailand to lose face. At the same time, when the Indonesian foreign minister proposed holding a cocktail party for the four Cambodian factions, many sides voiced their support for this idea. In particular, Mr Paul Wolfowitz, the U.S. assistant secretary of state, has voiced full support for this.

Looking at the heart of this, Vietnam and Cambodia have probably studied the attitudes and roles of the ASEAN countries and seen that little benefit has been derived from trying to coordinate things. There is still protectionism even on the economic front. And on the military front, all sides are working to protect their own country. There is no sign of moving military forces abroad. Only Thailand is suffering from the Cambodian refugee problem, with over 100,000 refugees here. The clashes between Thai and Vietnamese-Cambodian forces, with people wounded and killed, continue with no end in sight. Thailand still doesn't know whether there will be any positive results. It just continues to suffer losses. But the other ASEAN countries have suffered very little.

I feel that the government of Gen Prem Tinsulanon should formulate a clearer foreign policy. It should have an independent foreign policy. It should not be tied to any other country. The government should carry on peaceful diplomatic activity with Vietnam and Cambodia and not engage in confrontation. We must put an end to the conflict. Thailand and Cambodia-Laos-Vietnam share a border. We should not create the factors that could lead to war in this region.

War can destroy economies and the lives of people. Only peace can build the world and build countries so that they grow and prosper. People should not be misled by the war merchants, who claim that it is the other side that has violated the U.N. Charter and international law. But the lessons show that it is the big war merchants who have violated the U.N. Charter and the Security Council resolutions.

To date, the United Nations has been unable to end the war between Iraq and Iran. When Israel sent troops into Lebanon, no one said a word.

The Thai government should stop being the one to make sacrifices in the Cambodian problem. It should allow the Indochinese countries to solve the problem themselves. We can stop worrying about being invaded. Israel's invasion of Lebanon almost bankrupt Israel. The same thing happened to the United States. It once sent troops to wage war abroad but in the end had to bring them home in defeat.

China launched an attack on Vietnam in 1979. But the world knows who taught the lesson to whom. At present, the great powers are trying to open a dimplomatic dialogue with each other. In the next 3-5 years, the situation in Cambodia may improve greatly.

Where can Thailand hide its face? We all live close to each other. Do we have to feel embarrassed?

11943
CSO: 4207/143

THAILAND

BRIEFS

THAI-U.S. WEAPONS STORAGE--Thailand and the United States are holding negotiations on establishing a weapons depot. This stems from the signing of a memorandum of understanding on logistics, which was signed last October by Gen Prem Tinsulanon in his capacity as minister of defense and Mr Caspar Weinburger, the U.S. secretary of defense. Following that, it was proposed that a weapons depot be established in Thailand and that "if Thailand experiences financial problems, it can use these weapons whenever necessary and pay for them later." Detailed negotiations will be held between Thai and U.S. officials in the next 2-3 days. [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

ARMY IN SOUTHERN SUPPRESSION WORK--Lt Gen Wanchai Chitchamnong, the 4th Army Region commander, told reporters that the 4th Army Region has sent a report to the Internal Security Operations Command (ISOC) requesting that the military be granted the authority to carry on suppression activities, including suppressing ore and contraband smugglers and gangsters, in order to solve the problems in the south. But the army region has not received a reply. Besides this, the 4th Army Region commander said that security in the south is still very good. The things that have taken place are just symbols of the south. Such things take place in other regions, too. "I believe that there are still dark powers in the south. These people are still trying to stir up trouble for their own benefit." [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

ROYALTY ARMY PROMOTIONS--On 3 December, Maj Gen Narudon Detpradiyut, the secretary of the army, told reporters that the army issued Order 1766/1985 promoting Princess Sirinthon, who serves as an education instructor at the Chulachomklao Royal Military Academy with the rank of lieutenant colonel, commander and wing commander, to education instructor with the rank of colonel, captain and group captain. Her pay grade has been raised to Grade 4, Level 1 at a rate of 8,475 baht per month. The promotion was effective on 2 December. A request to promote Princess Chulaphon to lieutenant colonel, commander and wing commander has been received. [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

ATHIT, SITTHI, PRASONG CONFLICT--After inspecting the border in Prachinburi, Chanthaburi and Trat provinces, Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs, and Squadron Leader Prasong Sunsiri, the secretary-general of the National Security Council, discussed this year's policy during an interview. They said that if any shells land in Thailand as a result of the fighting in Cambodia, we will not retaliate unless they fired on us intentionally. In that case, we will respond immediately. In response to this, Gen Athit Kamlangek, the supreme commander and RTA CINC, said that actually, the Ministry of Foreign Affairs does not have the right to issue such a policy or directive. Ministry of Foreign Affairs officials went to the border just to learn about the situation. As for what the military decides, that is the business of the military commanders. It is not the business of anyone else. If people want to make policy recommendations, they must submit them to the National Security Council through the government. [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

CSO: 4207/123

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Southeast Asia Report

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JPRS-SEA-86-033

21 February 1986

SOUTHEAST ASIA REPORT

CONTENTS

MALAYSIA

Lim Chong Eu Not To Run in Next Election
(SIN CHEW JIT POH MALAYSIA, 18 Nov 85; KIN KWOK DAILY NEWS, 19 Nov 85) 1

Bows out Officially 1
KIN KWOK's Comment 2

Editorial on Chinese Merchants' Views on Trade With PRC
(SIN CHEW JIT POH MALAYSIA, 14 Nov 85) 4

Briefs
Age Limit for Visiting PRC Lowered 6
Problems Predicted for MCA 6
Warning on Overreacting to PRC Policy 7

PHILIPPINES

Opposition MP Calls for Accounting of Funds
(ANG PAHAYAGANG MALAYA, 16 Jan 86) 8

Business Group Issues Economic Reform Proposals
(Rosa Ocampo; ANG PAHAYAGANG MALAYA, 17 Jan 86) 10

Tarlac Radio Changes Ownership, New Newspapers Noted
(Erlie I. Duduaco; ANG PAHAYAGANG MALAYA, 17 Jan 86) 11

Government Employes Cite 'Black Propaganda'
(ANG PAHAYAGANG MALAYA, 17 Jan 86) 13

Editorial on Marcoses' Overseas Wealth
(ANG PAHAYAGANG MALAYA, 20 Jan 86) 15

Nephew Alleges First Lady Has Gold in Swiss Bank
(BUSINESS DAY, 30 Jan 86) 16

Editorial: Ople's 'New Marcos' Image 'Not Easy To Believe'
(WE FORUM, 21-27 Jan 86) 18

WE FORUM Rejects Both Sides in Election
(Sonia Dipasupil; WE FORUM, 21-27 Jan 86) 19

Wealthy Opposition Said Sending Families Abroad
(Rene Pastor; VERITAS, 21-27 Jan 86) 21

Editorial Hits Printing of New Money for Election
(ANG PAHAYAGANG MALAYA, 25 Jan 86) 23

Labor Leader on Trade Union Support for Marcos
(BULLETIN TODAY, 29 Jan 86) 24

Paper Claims Pre-Election Defections From Opposition Ranks
(Angel Tugado; TIMES JOURNAL, 31 Jan 86) 25

Black Market Suspends U.S. Dollar Trading Before Election
(George T. Neruez; PHILIPPINES DAILY EXPRESS, 1 Feb 84) 27

Former Envoy Criticizes Lugar, Namfrel Ties With U.S.
(PHILIPPINES DAILY EXPRESS, 3 Feb 86) 29

KBL's Tolentino on Election, Political Issues
(Arture Tolentino Interview; LA VANGUARDIA, 3 Feb 86) 30

Groups Studying Marcos' Reform Proposals
(Vicente Tanedo; TIMES JOURNAL, 3 Feb 86) 33

Former MNLF Leader Endorses Marcos, Hits Aquino, Communists
(PNA, 4 Feb 86) 35

PHILIPPINES DAILY EXPRESS Endorses Marcos-Tolentino
(Editorial; PHILIPPINES DAILY EXPRESS, 6 Feb 86) 37

Bayan Leader Denies Boycott Isolates Movement
(Joel Paredes; AFP, 6 Feb 86) 39

Ramos Says CPP-NPA Will Never Negotiate After Polls
(Leo Enriquez; PHILIPPINES DAILY EXPRESS, 6 Feb 86) 41

Radio Commentary Hits Plans To Proclaim Aquino President
(Quezon City Maharlika Broadcasting System, 9 Feb 86) 43

Role of Church in Philippine Elections Noted
(AFP, 9 Feb 86) 45

Reports Summarize Violence, Fraud in Elections
(Joel Paredes; AFP, 8 Feb 86) 47

Business Sector Concern Over Poll Fraud Noted
(Cecil Morella; AFP, 10 Feb 86) 49

Columnist Cites Supreme Court Fight for Civil Liberties
(Jesus Bigornia; BULLETIN TODAY, 4 Feb 86) 51

Nation's Debt Service More Than Two-Thirds of Exports
(Rigoberto D. Tiglao; BUSINESS DAY, 14 Jan 86) 53

Foreign Banks Closing Credit Lines
(BUSINESS DAY, 14 Jan 86) 54

SEC Chairman Criticizes Government Capital Market Policies
(Noel D. De Luna; BUSINESS DAY, 16 Jan 86) 55

Central Bank Expands Offshore Banking Licenses
(Rigoberto D. Tiglao; BUSINESS DAY, 20 Jan 86) 57

BUSINESS DAY Analyzes Central Bank Fund Retrieval
(Conrado R. Banal; BUSINESS DAY, 21 Jan 86) 59

Central Bank Urges More Loans for Smaller Industries
(METRO MANILA TIMES, 1 Feb 86) 60

BUSINESS DAY Reports Production Value Index Decline
(BUSINESS DAY, 31 Jan 86) 61

Commercial Bank Resources Grow 4.4 Percent in Dec 85
(METRO MANILA TIMES, 1 Feb 86) 63

Economic Minister on January Inflation Rate
(BULLETIN TODAY, 2 Feb 86) 65

Economic Association Predicts Little Economic Growth at Best
(J. C. Concepcion; BULLETIN TODAY, 3 Feb 86) 66

Virata on Need for Dollar-Earning Cottage Industries
(BULLETIN TODAY, 3 Feb 86) 68

Marcos Says Government Managing Debt Well
(PNA, 4 Feb 86) 70

Manila To Restructure UK, Australian Debts
(METRO MANILA TIMES, 4 Feb 86) 72

CB Governor Cites Conflicting Balance of Payments Figures
(R. Perez; METRO MANILA TIMES, 4 Feb 86) 73

Energy Minister: Petroleum Price Cut Means Revenue Loss
(Arleen C. Chipongian; PHILIPPINE DAILY EXPRESS, 4 Feb 86) 75

Food Authority To Buy Corn To Boost Stocks
(PHILIPPINES DAILY EXPRESS, 4 Feb 86) 76

U.S. Companies Continue Large Investment
(Corrie Salientes; TIMES JOURNAL, 6 Feb 86) 77

MNLF 'Renegade Group' Ambushes Bus; 7 Dead, 38 Hurt
(Roy Ramos; PHILIPPINES DAILY EXPRESS, 17 Jan 86) 78

Region 11 Chief Discusses NPA's Problems in Mindanao
(Carolyn O. Arguillas; VERITAS, 19 Jan 86) 79

'Arms Grabbers' Strike in Bataan, Pasay City
(Efren P. Molina; BULLETIN TODAY, 20 Jan 86) 81

NPA Attacks Bus, Fights Rebelling Villages
(Tong Peo Rimando; BULLETIN TODAY, 21 Jan 86) 83

Militarization of Remote Areas Assailed
(Nora O. Gamolo; WE FORUM, 21-27 Jan 86) 85

NPA Activities in Northern Luzon Reported
(TIMES JOURNAL, 22 Jan 86) 89

Military Upgrading Anti-Guerrilla Scout Rangers
(BUSINESS DAY, 22 Jan 86) 91

Armed Men Seize Police Weapons in Albay Province
(KYODO, 28 Jan 86) 93

Police Disarmed Over Reluctance To Fight Terrorists
(BULLETIN TODAY, 29 Jan 86) 94

Alleged NPA Member Killed in Malolos Gun Battle
(Bert Padilla; BULLETIN TODAY, 1 Feb 86) 95

Large NPA Forces Reportedly Seen in Mindanao
(PNA, 4 Feb 86) 96

Alleged Communists Literally Paint Negros Town Red
(AFP, 4 Feb 86) 97

Negros Planters Face Raids by Suspected NPA Bands
(Satch Conta; TIMES JOURNAL, 6 Feb 86) 98

Village Residents Fear Rebel Attacks
(Casiano Navarro; BULLETIN TODAY, 6 Feb 86) 100

Briefs

Oppositionist Canoy on Elections 101
Sulu Official on Sabah Claim 101
Ver Denies Action 101

Demonstration Against Lugar Delegation 102
NPA Violence, Arson 102
Church Stand on Politics 102
Sugar Exports 102
Local Trade With U.S. Bases 102
Cagayan Officials Report Threats 103
Imelda Marcos Booed 103

THAILAND

Columnist Blasts U.S. Foreign Policy, Economic Stance
(Trairat; DAILY NEWS, 15 Jan 86) 104

Athit Extension Discussed, Senior Generals Profiled
(SU ANAKHOT, 15-21 Jan 86) 106

Government To Seek Loans for State Enterprises
(NAEO NA, 9 Jan 86) 110

Foreign Currency Smuggling From South Continues
(NAEO NA, 9, 10 Jan 86) 112

Trafficker Arrested 112
Methods Described 113

New Commerce Minister Interviewed on Trade, Policy
(Surat Osathanukhro Interview; MATICHON, 23 Jan 86) 116

Columnist: Farmers Lose to Millers' Greed, Urban Indifference
(Hoenfa Kindin; SIAM RAT, 8 Jan 86) 119

Daily Raps Order Banning Philippines Media Coverage
(Editorial; THAI RAT, 4 Feb 86) 121

Columnist Faults Marcos for Philippine Decline
(Chaiyawat Yonpiam; SIAM RAT, 8 Jan 86) 123

Army Radio Views SRV Influence on Border
(Bangkok First Army Division, 30 Jan 86) 124

PRK Border Village Chief Unhappy Over Government Treatment
(NAEO NA, 30 Jan 86) 126

Daily Discusses Problem of SRV-Planted Mines at Border
(Editorial; SIAM RAT, 3 Feb 85) 127

VOFA Says Nothing New in Indochinese Communique
(Bangkok Voice of Free Asia, 5 Feb 86) 128

Briefs

Denial on 'Secret Letter' 130

VIETNAM

PARTY ACTIVITIES AND GOVERNMENT

Speech Offers Open Criticisms, Advice for Agriculture
(Nguyen Thanh Binh; DAI DOAN KET, various dates) 131

ECONOMIC PLANNING, TRADE, AND FINANCE

Recent Changes in the Market Necessitate New Measures
(Ngoc Son; DOC LAP, 13 Nov 85) 152

HEAVY INDUSTRY AND CONSTRUCTION

Belgian Group Seeks Vietnam Oil
(THE AUSTRALIAN, 26 Dec 85) 155

LIGHT INDUSTRY

Directive Requests Greater Sector Newspaper Support
(TIEU CONG NGHIEP THU CONG NGHIEP, 13 Dec 85) 157

TRANSPORTATION AND COMMUNICATIONS

Dac Lac Transportation Enterprise Fights Negativism
(Nguyen Tan Han; GIAO THONG VAN TAI, 19 Dec 85) 160

LABOR

Worker Points Out Unfairness in New Wage System
(LAO DONG, 14 Nov 85) 163

First Regulation Published on Workers' Cultural Centers
(LAO DONG, 14 Nov 85) 164

LIM CHONG EU NOT TO RUN IN NEXT ELECTION

Bows out Officially

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 18 Nov 85 p 1

[Text] Penang Chief Minister Dr Lim Chong Eu today announced that he will not take part in the upcoming general election.

He therefore hopes that the Central Committee of the Malaysian People's Movement [GERAKAN] and its Penang federal council will decide now to look for qualified persons in the administrative field.

Dr Lim, who is also adviser to GERAKAN, was speaking at the closing ceremony of GERAKAN's annual meeting at Penang this afternoon.

Dr Lim said that he will not run in the next general election, because there is a time when a person cannot escape reality.

He indicated that the Penang branch of GERAKAN should make a decision on new administrative candidates and leaders.

He added that GERAKAN is a multiracial party and that so long as one is qualified and capable, he can be elected chief minister of Penang, regardless of race.

Dr Lim said: "The GERAKAN branch in Penang should help Penang inhabitants solve their problems. How can we become leaders if we keep on bickering among ourselves?"

Earlier, GERAKAN's national chairman Datuk Dr Lim Keng Yaik said at the opening ceremony that Dr Lim Chong Eu is in fact still in good health and he should continue to lead Penang. However, if Dr Lim Chong Eu should one day decide to step down, GERAKAN still has leaders to take over and carry on with the party's policies.

Another GERAKAN official, Tan Kim Hwa, declined to comment on Dr Lim's decision not to run in the next election. It is known, however, that Dr Lim on 3 November returned from a tour of foreign countries during which he had a tumor in the thyroid gland surgically removed in America.

Rumors of Dr Lim's planned retirement have circulated for a long while, but this is the first time that he brought up the matter openly before the Chinese community in Penang.

Dr Lim Chong Eu has been a four-term chief minister of Penang since 1969. He is the only ethnic-Chinese leader of a state government. He is now 66 years of age.

KIN KWOK's Comment

Selangor KIN KWOK DAILY NEWS in Chinese 19 Nov 85 p 2

[Commentary: "Dr Lim Chong Eu Announces Retirement from Office"]

[Text] At its general assembly in Penang the other day, GERAKAN's adviser Dr Lim Chong Eu, who is also the chief minister of Penang, again indicated that he would not run in the upcoming general election. He implied that he would retire from public life altogether.

The question of Dr Lim's retirement began in 1982 when he yielded the position of chairman of GERAKAN to Dr Lim Keng Yaik, a situation which aroused interest and controversy in various circles. This time he brought up again the question of retirement, an indication that he means business.

We do not deny that Dr Lim is an outstanding statesman. He has been at the post of chief minister of Penang for 16 years and has made great contributions to Penang's development.

However, Dr Lim is also human and he ages as time passes and has to retire one day--we must accept this fact. Therefore, we need not feel disappointed by his retirement. The important thing is how we can properly tackle the problems arising after Dr Lim's retirement.

Dr Lim was once president of the Malaysian Chinese Association and national chairman of the United People's Party. He has been chief minister of Penang for 16 years. His lofty position and fine personality is respected not only by the Chinese community but by the Malay and Indian communities as well.

More importantly, he is our country's only chief minister who is of Chinese descent. After his retirement, can we retain this post for the Chinese community? How can we strive for it? These are the real problems we have to consider.

In the past, the Penang branch of GERAKAN became more prosperous every day under Dr Lim Chong Eu's leadership and occupied a good position in the Penang state assembly. However, in the latest general election, GERAKAN managed to win only 8 seats in the Penang state assembly, which represented a drop of 3 seats from the previous state election, while the United Malay National Organization garnered 11 seats.

In such a situation, Dr Lim Chong Eu was still able to hold his post of chief minister of Penang, a reflection of his personal reputation. Therefore, we have to rely on our own strength if we wish to retain this post after Dr Lim's retirement.

What worries us is that with the approach of the next general election, the bickering within GERAKAN is still going on, which is bad for the party. To what level it will bog down after Dr Lim's retirement is hard to predict.

If the members of the GERAKAN branch in Penang cannot coexist with one another, how can the party strive for its interests and rights in the National Front? Or retain the post of Penang chief minister?

We firmly believe that in the upcoming general election, GERAKAN will meet stiff opposition from the Democratic Action Party. If it cannot break away from encirclement, it will face a bleak future in Penang and it will not be able to safeguard the post of chief minister.

Dr Lim's retirement must come one day. Leaders of the party in Penang and throughout the land should make concerted efforts to deal with the consequences of Dr Lim's retirement.

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MALAYSIA

EDITORIAL ON CHINESE MERCHANTS' VIEWS ON TRADE WITH PRC

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 14 Nov 85 p 21

[Editorial]

[Text] Since 1979, when she put into effect the economic policy of liberalization at home and opening to the outside China has not only succeeded in attracting all kinds of foreign investment but also in improving her national productivity to a certain degree. Investors all over the world are attracted by China's market, and businessmen in our country are paying attention to and studying this market.

This newspaper and the business circles jointly organized a seminar on "Trade and Investment Opportunities Under China's Open-door Policy" to help our businessmen understand China's current trade problems better.

At the meeting, various keynote speakers analyzed in detail from different angles China's current political and economic conditions and provided our businessmen with practical, useful information.

What attracted our attention most were the speeches made by the president of the Malaysian Chinese Merchants Federation, Tan Sri Wee Boon Ping, and federation vice president Wong Tok Chai. Tan Sri Wee Boon Ping stressed that "a stable and prosperous China will have a more stabilizing effect on Malaysia and other countries than a chaotic and poverty-stricken China." He said that our government should be practical and realistic in dealing with China and should boldly and courageously get rid of our historical millstones. Datuk Wong Tok Chai expressed hope that our businessmen would grasp the opportunity and make good use of their resourcefulness and experience to march toward China's market.

The remarks of Tan Sri Wee and Datuk Wong, expressed 2 weeks before Prime Minister Datuk Sri Dr Mahathir's state visit to China, carried a deep immediate significance. The reason is that these remarks not only coincide with the aspirations of the majority of our businessmen but can also be utilized as a reference for our national leaders.

Tan Sri Wee stated it aptly when he said that we "should be practical and realistic in dealing with China." As a matter of fact, during the 6-year period of her liberalization and open-door economic policy, China's economic life has undergone great changes. In view of this, Western countries and Japan have led other countries to break into the Chinese market. Members of the ASEAN organization, including Indonesia and Singapore, both of which have no diplomatic ties with the PRC, have also adopted vigorous actions one after another to open up the China market and have obtained results.

If Indonesia and Singapore had been blind to the changes taking place in China, or if they had denied the impact of China's four modernizations on the Asia-Pacific region, they would not have boldly marched toward China's market: this point is not difficult to understand. As a certain China expert from Indonesia remarked: "The reason why we have adopted a policy of direct trade with China is because of our mounting confidence that 'ideology' and 'putting politics in command' of the Mao Zedong era have been replaced by a Deng Xiaoping-led government which stresses modern reconstruction." This proves that Indonesia is dealing with China in a practical and realistic manner.

Malaysia and China have had decade-long diplomatic ties. So long as our government pays attention to summing up our experience about Malaysian-Chinese trade and attaches importance to the constructive opinions of Chinese business leaders, it is certain that we can develop trade relations between both countries and write a new chapter in the history of the Malaysian-Chinese relationship.

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MALAYSIA

BRIEFS

AGE LIMIT FOR VISITING PRC LOWERED--The Immigration Department today lowered the age limit of Chinese visiting the PRC from 65 years to 60 years old. Confirming this report, a spokesman for the Perak Immigration Bureau said today that the new ruling applies nationwide, adding that Malaysian citizens who wish to go to China for medical reasons are not affected by the age restriction. The spokesman indicated that generally speaking, in the past the authorities would not approve an application for a trip to China unless the applicant was 65 years or older, but beginning 1 November the age limit has been lowered to 60 years. Many travel agents in Ipoh commented favorably on the relaxation of the age restriction, one of whom even said that the government should consider lowering the age limit to 55 or 50 years old. A certain travel agent said that when the prime minister visits the PRC this month, he should also consider the suggestion of relaxing further the age restriction. [Text] [Selangor SIN CHEW JIT POH MALAYSIA in Chinese 2 Nov 85 p 3] 9300/9604

PROBLEMS PREDICTED FOR MCA--Datuk Dr Lim Keng Yaik, president of the Malaysian People's Movement [GERAKAN], predicted that on the basis of the results of the recent Malaysian Chinese Association [MCA] election, this party would be faced with big problems within a month. He said that the outcome of the MCA election was far from ideal. He added that if the MCA does not revise its political stance, it will meet with a tragic end. Datuk Dr Lim was speaking last night at a GERAKAN Youth banquet organized by the party's youth wing in Ipoh. He added that he learned of the political development in our country while accompanying the prime minister's visit to China. Although the MCA election was held smoothly, he added, the outcome gave him a deep impression that the MCA cannot get rid of its relationship with "big boss" politics. He held that if political objectives serve an individual's personal interests, such a party is bound to crumble. He pointed out that GERAKAN will shoulder its responsibilities in the National Front. He also praised the efforts of the youth wing in encouraging more people to join the party. Datuk Dr Lim hopes that all members will follow the party's line and objectives in carrying out their political work. He pointed out that if members have an opportunity to become public functionaries and to help the government solve national problems, we should accept the challenge and take up the responsibility. [Text] [Selangor KIN KWOK DAILY NEWS in Chinese 3 Dec 85 p 1] 9300/9604

WARNING ON OVERREACTING TO PRC POLICY--Datuk Dr Lim Keng Yaik, president of the Malaysian People's Movement [GERAKAN], said that Malaysian Chinese overreaction to the PRC's open-door policy has evoked displeasure among non-Chinese communities, particularly the Malays. He hopes that the Chinese in Malaysia view the new development in Malaysian-Chinese relations from the viewpoint of Malaysian citizens. He appealed to the three major nationalities in our country to seek common ground for cooperation in opening up new fields for Malaysian-Chinese economic development and trade. This way we can dispel mutual distrust and at the same time strengthen interracial solidarity, he added. He said that his party urges all Malaysians to grasp the opportunity of going to China to promote trade and investment. He warned the Malaysian Chinese to regard new Malaysian-Chinese economic developments with an attitude of being true Malaysians, but not to play up their racial or traditional superiority. Dr Lim made these remarks after officiating at the opening ceremony of a seminar organized by GERAKAN's women's wing. He said that non-Chinese communities are afraid that overreaction by the Malaysian Chinese might break up the entire relationship of the three major nationalities. [Text] [Selangor SIN CHEW JIT POH MALAYSIA in Chinese 2 Dec 85 p 3] 9300/9604

CSO: 4205/5

OPPOSITION MP CALLS FOR ACCOUNTING OF FUNDS

HK290733 Quezon City ANG PAHAYAGANG MALAYA in English 16 Jan 86 p 6

[Text] An opposition member of parliament yesterday asked Prime Minister Cesar Virata and Central Bank [CB], Gov Jose Fernandez to resign because of their refusal to tell the people where and how a P7.7-billion CB money released to the government last month was spent.

MP Mel Lopez (Opp, Manila) said the two should be held "Primarily responsible for authorizing this huge amount of borrowings which are in violation of our existing agreement with the International Monetary Fund and which are detrimental to our people.

It was suspected that the money was earmarked for election spending.

Virata denied there was such borrowings, claiming that a P3.8-billion national government borrowing during the December 2-6 period which was reported by the CB was a result of a "computer error."

Another P3.3-billion was released by the CB during the December 16-20 period, bringing the total during the first 3 weeks of December to P7.1 billion.

If Virata and Fernandez could not render an accounting of the people's money, they should resign, Lopez said.

"They are supposed to serve the Filipino people and not just one person, one family or one group of people and by the very nature of the positions they hold, they are supposed to serve with the highest honesty, integrity and dedication," he said.

Lopez said the P7.1-billion total of the two borrowings matches the amount of money the CB admitted it released into the money stream in December.

"It can safely be concluded that there was in fact a P3.8-billion government borrowing for the December 2-6 period contrary to the claim of Virata that it was a mere computer error."

Even assuming that the P3.8 billion borrowing was a mere computer error, the latest P3.3 billion-borrowing which was never denied increased the total CB net credits to the national government to P13.6 billion in violation of the existing agreement with the IMF.

"Moreover, with the P3.3-billion national government borrowing, the total country's reserve money level reached an average of P38.76-billion in the last week of December or an expansion of P7.1-billion in a span of just 4 weeks also in violation of the IMF-imposed year-end ceiling of P38.4 billion," Lopez said.

The infusion of this enormous amount of money into the country's financial system in the light of the present crisis will be extremely inimical to the people because it will push up further inflation rate, Lopez explained.

It will be recalled that after the 1984 Batasan election where there was a reported P5 billion increase in money supply, the inflation rate went up to an all-time high of 63 percent.

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CSO: 4200/652

BUSINESS GROUP ISSUES ECONOMIC REFORM PROPOSALS

HK291456 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jan 86 pp 1, 6

[By Rosa Ocampo]

[Text] The Philippine Chamber of Commerce and Industry [PCCI], a nonpolitical umbrella organization of businessmen, has come out with proposed economic reforms curiously similar with the economic platform of opposition snap presidential bet Corazon Aquino. In an open letter to all presidential candidates, the PCCI board of directors led by Aurelio Periquet named four areas in need of reforms to restore credibility in the national leadership: free enterprise, fiscal discipline, regionalization and public accountability.

Except for regional development, the issues listed by the PCCI were the same as those raised by Mrs Aquino in speech last week before Makati businessmen. It is an open secret that majority in the business sector is wary of the continued deterioration in the economic and political fronts.

The PCCI directors urged the return to free enterprise, saying the government should reduce its intervention business to restore "free and fair competition in the market instead of undue favors, incentives and advantages through government fiat." The PCCI directors said the governemnt should exercise fiscal responsibility as the "flagging economy" is burdened by extravagant spending matched by higher taxes. They stressed that public expenditures should be based on commensurate government's earning capacity. "It would be unwise and self-defeating to continue funding budgetary deficits with more borrowing without at the same time effecting an improvement in overall national productivity."

They also proposed regionalization or the development of the rural areas as an answer to the growing "dissidence and rebellion" in the countrysides. Subversion, they said, is a manifestation of the lack of confidence by the citizens in the administration mainly because the government has forgotten the rural areas in the haste to modernize Metro Manila.

The PCCI directors also batted for public accountability, where all the operations of the government and of public corporations are open to public scrutiny and any transaction entailing disbursement from taxpayers' money is subject to public review.

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CSO: 4200/652

TARLAC RADIO CHANGES OWNERSHIP, NEW NEWSPAPERS NOTED

HK290405 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jan 86 p 9

["Newsbits from Tarlac" column by Erlie I. Duduaco: "Mysterious Media Goings-on"]

[Text] Radio commentator Ben Gonzales got the shock of his life last week when after criticizing the leadership of President Marcos and Ambassador Eduardo M. Cojuangco Jr. over his morning program Ang Bayan [The Nation], he ended up jobless that same day.

The reason: Radio station DZXT of the Filipinas Broadcasting Corp was bought by the Radio Corp of the Philippines.

Gonzales, a staunch critic of the Marcos administration, was not even given the chance to say goodbye as he was immediately replaced in his program the day after the buy-off.

DZXT is a vocal radio station that dares to cover opposition rallies in Tarlac. Gonzales is a BBC-trained radio commentator capable of calling a spade a spade.

Now that the radio station is already owned by former KBP [Kapisanan Ng mga Brodkaster sa Pilipinas--broadcasters' Association] President Antonio Barriero (also commissioner of the National Telecommunications Commission), the opposition may not get enough coverage of its activities especially now that the campaign season for the presidency is in full swing.

The other station operating in the province, DZTC, is owned by industrialist Eduardo M. Cojuangco Jr.

With the campaign period going into high gear, Tarlacquenos were surprised to read two more local weekly tabloids, the TARLAC TIMES and the TARLAC FORUM in addition to the existing six.

Everybody knows that a sane publisher will think twice before coming out with another weekly paper to join the sardine-packed publishing industry in a province that has only 17 municipalities.

Who finances these papers remains a puzzle. But if one considers the big advertisements splashed in their pages like Minola, San Miguel brewery, Dole pineapple plus of course the personal greetings of local town officials, it would be easy to surmise the papers' ownership.

The burning of the Baron farms warehouse in La Paz town where Dona Aurora Aquino and former Sen Francisco "Soc" Rodrigo held a meeting before New Year's Day remains a mystery.

A concerned citizen who declined to be identified said that the 2 hour blaze that gutted the warehouse could have been placed under control by the firemen but no attempt was made.

The newly purchased firetruck of La Paz has no battery.

Two military men who held up a wealthy Chinese businesswoman were gunned down by police and PC [Philippine Constabulary] operatives during a brief chase in Gerona town last week.

When they were buried, everybody was surprised to witness full military honors accorded them.

There was a day and night vigil in their wake and the "taps" was played as they were finally laid to rest amidst the firing of rifles in the air.

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CSO: 4200/652

PHILIPPINES

GOVERNMENT EMPLOYES CITE 'BLACK PROPAGANDA'

HK300246 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jan 86 pp 1, 7

[By THE MALAYA probe team]

[Text] Juan de la Cruz has been footing the bill for the production of a wide assortment of black propaganda materials calculated to besmirch the candidacy of the Aquino-Laurel ticket. This was the rueful confession of several Office of Media Affairs [OMA] and National Media Production Center [NMPC] employes who have been reluctant workhorses in these two government offices' "special assignments" in connection with the KBL snap presidential poll campaign.

The "special assignments" cover the conceptualization, design and production of black propaganda materials ranging from fictitious letters to the editor to fancy "Cory Loves NPA" stickers. "They're using every vile trick in the book," one disgusted and otherwise unwilling member of a special writers' pool expressly formed at the NMPC to "concoct lies" shortly before Christmas reportedly intimated to a friend who leaked the admission to a Malaya probe team.

The writers' pool, dubbed the "dirty-tricks department" by NMPC insiders, reportedly churns out black propaganda materials from 10:00 am to 10:00 pm at the penthouse of the MBS-4 building on Bohol Avenue in Quezon city. Most of the writers in the "smear campaign" pool are reportedly employes of the Bureau of National and Foreign Information, Malaya sources said.

Quite apart from the large sums of public funds being poured into the printing of black propaganda materials directed at the Aquino-Laurel ticket, additional outlays are expected to fund sizable salary increases recently granted to a large number of NMPC employes. The agency's contractual employes recently received January-June 1986 contracts that stipulate new salary rates higher than their 1985 basic pay rates by anywhere from P500 to P2,000.

Printing presses at the Media Center Building on Visayas Avenue in Quezon city are reportedly operating at full capacity to rush the production of all manner of black propaganda materials. Free breakfast, lunch, merienda and supper from the Media Center Building canteen, allegedly owned by a daughter of Information Minister Gregorio S. Cendana, serve as incentives to the NMPC printing staff.

Despite attractive incentives recently dangled and granted by the Office of Media Affairs and NMPC to its employes, however, these two offices have reportedly been rocked by a wave of resignations and "defections" to the alternative press. Among such resignations is that of the head of the NMPC Theater Unit who is said to have resigned after declining to follow Cendana's instructions that his unit put up theater presentations in support of the KBL presidential campaign. The PHILIPPINE NEWS AGENCY has been among the hardest-hit of OMA-NMPC offices swept by resignations, MALAYA sources said.

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CSO: 4200/652

EDITORIAL ON MARCOSES' OVERSEAS WEALTH

HK290438 Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 86 p 4

[Editorial: "Not Surprising"]

[Text] The people have ceased to be amazed with revelations emanating from foreign sources about the staggering extent of the Marcoses' wealth which has ceased to be "hidden" in the last few months. Even the reported evidence unearthed by the U.S. House subcommittee detailing "at least $250 million worth of Marcos real estate (holdings) in the United States alone" cannot fire the imagination of many Filipinos who have known the gargantuan greed that motivates the regime's desire to perpetuate itself in power. That the Marcoses are now "in the world class of corrupt national leaders," as charged by Rep Stephen Solarz, is not exactly earth-shaking news. He might as well talk of acquisitions in parts of Europe like England, France, Switzerland, Italy or some such beautiful spots on the face of the planet.

What is $250 million, anyway, when almost a $30 billion loan, part of which cannot be accounted for, stares the Filipino in his face? Investigators are tracking down reports that "American money supposedly for hundreds of projects financed all over the Philippines by U.S. aid have been stolen." But what if they uncover the whole truth about this mess? Would there be legal basis to redeem the stolen money, most of which are now in real estate, jewelries and bank accounts in the U.S. and Switzerland? In our "economy where the average income is less than P40 a day," the sum of $10 billion (P200 billion) siphoned from the country and cached abroad, according to analysts' estimates, would be more than enough to make a limping economy reel like a drunken man who cannot negotiate a flight of stairs.

It would be an answer to a prayer if that money could be restituted to its rightful owners, the Filipino taxpayers, and pumped into the economic mainstream. And this could be in the realm of the possible. After all, the conjugal dictatorship has established scholarships and foundations for destitute and deserving students, its heart bleeds for the poor, it sheds tears for them, and they looked like genuine tears.

Is it true that crocodiles also shed tears before they devour their prey?

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CSO: 4200/652

NEPHEW ALLEGES FIRST LADY HAS GOLD IN SWISS BANK

HK301531 Manila BUSINESS DAY in English 30 Jan 86 p 22

[Text] First Lady Imelda Romualdez-Marcos has five tons of gold bullions deposited in a Swiss bank, according to her nephew Norberto Romualdez III, who has joined the opposition United Nationalist Democratic Organization (UNIDO).

Romualdez related during a meeting of the Rotary Club and the Inner Wheel Club of Caloocan how he stumbled upon this information.

While serving as commercial counsellor of the Philippine Embassy in Brussels, Romualdez said, he was contacted sometime last year by persons who identified themselves as agents for some Arab royal groups interested to buy Mrs Marcos's alleged gold.

He said he was offered $1 million in return for simply facilitating the gold buyers' approach to his aunt. He was told that the buyers would immediately open an account in his name in a Swiss bank containing the amount offered the moment he said "yes" to the proposition, Romualdez related.

His reaction, he said, was to feel outraged and deny that Mrs Marcos would be engaged in the unlawful stashing away of such amount of gold. But, he continued, the people who contacted him told him bluntly that they had certain knowledge of the existence and ownership of the precious metal.

They feared that such a volume of gold in the hands of Mrs Marcos would be suddenly dumped into the market, with disastrous effect on the price of the metal--and the fortunes of their Arab princes and sheik clients who had invested in the commodity, Romualdez explained.

Romualdez said the Arab buyers were willing to pay 5 percent premium over the current market price for Mrs Marcos's alleged gold just to preempt any possibility of its being used for market speculation beyond their control.

Feeling "humiliated" by the encounter, Romualdez said he dismissed the gold buyers' agents by telling them to go through the official route to contact Mrs Marcos. Romuladez could not say if the gold buyers eventually got to Mrs Marcos or if she has made any sale.

At current market price, the amount of the gold possession Romualdez attributed to his aunt would amount to $62 million.

Romualdez resigned his post in the government's foreign trade service corps this month and has been publicly campaigning for Corazon Aquino, who is challenging his uncle-in-law for the presidency.

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CSO: 4200/652

EDITORIAL: OPLE'S 'NEW MARCOS' IMAGE 'NOT EASY TO BELIEVE'

HK300405 Quezon City WE FORUM in English 21-27 Jan 86 p 2

[Editorial: "Ople's Opinion"]

[Text] Of the yards and yards of colorful lines written to prop up the image of President Marcos through the campaign trail, one that readily stood up was the one on the "new Marcos" done by Labor Minister Blas Ople, from the historic province of Bulacan.

Ople, belaboring the old writer in him, assured himself of a place in history when he declared in Iriga City last 15 January that the next 6-year term of President Marcos "will see the most exicting agenda of reform." Ople stressed that, by the grace of a new mandate "a new Marcos will emerge from the cocoon of the old" to do battle against economic decline and the internal security threat.

Such glowing words from a one-time writer. However, it was obvious Mr Ople failed to restrain his suddenly prolific pen when he proceeded to declare that, if reelected, reject all forms of worldliness and the importunings of friends and associates for self-aggrandizement."

Excuse the vision but this line was an indirect dig, if not outright admission, of how the president had failed to temper his worldliness, control the lust for riches of those close to him, during his past years in power.

Anyway, as Mr Ople would like the electorate to believe, what the younger and healthier Marcos failed to fulfill in the past 20 years, an older and visibly faltering Marcos could achieve if given another term.

That's not easy to believe.

As the saying goes, you can't teach an old dog new tricks. But Mr Ople is entitled to his own opinion. It could be that he is convinced some help and training from a foreign master like, say, dear old Uncle Sam could do the trick.

Actually, it's easy to sense that what Ople had originally wanted to drive at was that Marcos, being full, won't clamor for more enormous riches in his remaining years. In street parlance, they put it thus: Busog na, hindi na magnanakaw. [He's full so he won't steal]

That, also, is not easy to believe. But Mr Ople is entitled to his opinion.

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CSO: 4200/651

WE FORUM REJECTS BOTH SIDES IN ELECTION

HK300907 Quezon City WE FORUM in English 21-27 Jan 86 p 6

[By Sonia Dipasupil]

[Text] With only a little more than 2 weeks before the 7 February electoral exercise swings--barring seen and unforeseen circumstances--to its just conclusion, we find the respective protagonists engaged in a duel of charge-swapping, and overzealous supporters bungling up their act on one hand, and leaving a trail of poll violence, on the other.

Even at week's end, the old issue on the opposition's alleged Red links had not died down. If at all, it has even taken on a new twist, with Cory Aquino declaring loudly and clearly that she is not a communist, never has been a communist, nor will she ever be one, and vowing to fight "with all means at her disposal," those who refuse to lay down arms.

And while particularly hardworking KBL supporters manage only to hurt their campaign with serious charges of bribing school teachers and barangay officials, padding voters' lists and using government funds to churn out black propaganda materials and campaign letters, the opposition suffered five casualties in what appears as the first wave of electoral violence.

As these go on, the opposition ticket is charged with inexperience and ambiguity of platform with vice-presidential bet Arturo Tolentino likening an opposition victory to entrusting a bus-load of 54 million Filipinos to one "who has not even driven a tricycle," and the communist party accusing them of "vacillation and equivocation" and "flip-flopping" on the U.S. bases and insurgency issues.

Meanwhile, U.S. "observers" have flocked to the country in droves to monitor the elections, the latest in a series of apparent U.S. interventionist moves.

In an electoral duel that promises no victors, only 54 million victims, only one thing is clear: to the real victor goes the spoils.

With both sides now mouthing similar, though thinly-disguised pro-U.S. and anti-communist lines, no real electoral options appear open. Instead, the people are confronted with mere variations on the same theme: Engage Washington support, wipe out the communists, then fashion a democracy that is "strictly Filipino." Note that "strictly Filipino" does not necessarily mean strictly pro-Filipino.

The fallacy of Mr Marcos' argument (which Mrs Aquino has not also adopted as her own) that the elimination of the country's communists is indispensable in rebuilding the nation, is that it fails to consider why there are communists in the first place. It fails to address the real issues. There are communists because Marcos' "democracy" has failed and because this leaves a very wide room for options other than the democracy that has impoverished and oppressed us. To "wipe out" the communists without erasing the conditions that created the need for them can only spell disaster, and 54 million victims.

As to the spoils, there is no debating who would get them.

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CSO: 4200/651

WEALTHY OPPOSITION SAID SENDING FAMILIES ABROAD

HK291328 Quezon City VERITAS in English 21-27 Jan 86 p 3

[By Rene Pastor]

[Text] "If President Marcos wins in this election, I'll be in trouble. I don't have the money to get my family out of the country," declared Misamis Oriental MP Homobono Adaza. "There have been no takers in my offer to sell our land in the province. Many oppositionists have spirited their families out of the Philippines until a winner is proclaimed after the 7 February elections," continued Adaza, while declining to name any opposition of KBL family that has pulled up roots to cool their heels abroad.

Other sources revealed that some members of the family of former Vice President Fernando Lopez are now out, along with those of Benigno Aquino's sister, Lupita Aquino Kashiwahara. Also reported to have sent her entire family to another country is Tessie Oreta, a sister of Ninoy Aquino.

"I don't have the money to leave this country so I'll have to go into hiding if Marcos gets a new mandate in the presidential pools," said Adaza. "How can I fight him. I have no weapons for a private army. He has the armed forces and the CHDF [Civilian Home Defense Forces]. This is like a chess game, but pieces like me are only human beings."

There are also reports that many businessmen who are supporting Mrs Aquino from their rooftop offices in Makati are clearing their decks, opening dollar accounts in Hong Kong and Singapore before getting the "members of their families out, one by one."

The reason for all the skittishness was explained by one longtime political observer. "Look at the opposition," he pointed out. "They have no organization. There is no overall campaign manager who can call the shots so Cory's drive to become president can be coordinated with all those groups supporting her. That manager could have been Joey Salonga. Manpower for goons to counter the armed ones trained by the KBL from military and para-military groups is not there. They also don't have enough money to pay their watchers."

The observer said this is a good reason why many rich Filipinos are getting their families out of the country in the event Mrs Aquino loses. "A Marcos win on 7 February will be taken by the president as a fresh mandate that wipes clean all those issues against him like human rights violations, hidden wealth, mismanagement of the economy, and the like," said a lawyer in the human rights group Mabini. "A Marcos win gives him the license to crack down some more. Those rich oppositionists wouldn't want to be around when the Ilocanao in Malacanang does that."

"Don't scratch your head if Homobono Adaza really met the first lady to cut any kind of a deal," added the journalist observer. "Those oppositionists who left Marcos and may now want to get back or are shipping their relatives outside the country want to protect their families and vested interests in case the president wins on 7 February."

A slew of deals seems to be in the works for many politicians on both sides of the political fence. All the equations center on the winner of the contest between Cory Aquino and Ferdinand Marcos next month. "I know what it would feel like to be in a Marcos prison," asserted Adaza. That is a good reason why, he says, he won't be changing shirts to the red, white and blue "anti-commie pinko" line of the ruling party.

But there had been strange goings-on lately. So don't be surprised if the luxurious houses in Forbes Park, Corinthian Gardens or Dasmarinas Village are ominously silent and empty when the people choose their next president on 7 February.

As usual, the rich protect themselves because they have more money.

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CSO: 4200/651

EDITORIAL HITS PRINTING OF NEW MONEY FOR ELECTION

HK010712 Quezon City ANG PAHAYAGANG MALAYA in English 25 Jan 86 p 4

[Editorial: "Of Grave Concern"]

[Text] The reported printing of new money worth P3.5 billion to finance the "massive vote-buying campaign of the KBL" for the February 7 election should be a cause of grave concern for every Filipino. According to former Finance Secretary Dominador Aytona, who should be given credit for knowing what he is talking about, the new money has to be printed because the P3.5 billion special activities appropriation cannot come from tax collection and, being listed in the 1986 budget under special activities, may be used by President Marcos for any project he wishes.

What this kind of money, plus a reported P10 billion government money intended to be utilized by the KBL for the ongoing campaign, presages for the ordinary citizen, is alarming to contemplate. The further devaluation of the peso from its present P19 to the dollar is reasonably expected with P25 being mentioned as a very likely figure. The former senator cited the Batasan elections in 1984 when money supply increased by 91.7 per cent after the polls which violated the CB [Central Bank] charter that fixes expansion of money in circulation to only 15 per cent. The lopsided increase was attributed to a sudden over-supply of money in the economic mainstream, without any back-up from the CB or any appreciable increase in the supply of prime commodities. Thus inflation ate up all the artifical monetary aids doled out to the mass of the electorate and cruelly cheated them out of whatever bonanza came their way.

The scenario is being repeated right now--and on a more massive scale. The amount of P15.5-billion is not exactly peanuts, however much [of] the peso has deteriorated. Reports of between P3.5-P7-million per KBL assemblyman and governor, depending on the size of the constituency and the politician's particular clout, are rife and rampant as the campaign nears the awaited homestretch. How much of this money will filter down to the ward leaders is still anybody's guess, considering the traditional greed of politicians. In the end, it is always the people who will be taken for the usual ride.

But most voters now have ceased to be the ignorant yokels they have been before who were easily hoodwinked by election promises and a paltry sum of voting money. At least, they have become sophisticated enough to be willing to accept any amount of grease money, which they know were stolen from them in the first place, and to vote according to their best lights.

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CSO: 4200/652

PHILIPPINES

LABOR LEADER ON TRADE UNION SUPPORT FOR MARCOS

HK300608 Manila BULLETIN TODAY in English 29 Jan 86 p 16

[Text] National Labor Coalition (NLC) Chairman Andres L. Dinglasan Jr said yesterday that majority of federations affiliated with the Trade Union Congress of the Philippines (TUCP) are supporting the Marcos-Tolentino ticket.

Dinglasan, who is TUCP executive vice president, also took exception to a statement issued by TUCP President Democrito Mendoza that the prevailing sentiment in the organization is for the Aquino-Laurel team.

He said the signatures of 18 TUCP affiliates on the manifesto supporting the Marcos-Tolentino team belie the allegation of Mendoza who, he said, is "Obviously an opposition sympathizer hiding under a Namred [expansion unknown] mask."

Dinglasan, however, affirmed that TUCP as an organization is non-partisan and is working for free, honest and clean elections in accordance with Resolution Nos 18 and 41 adopted during the TUCP Third Triennial Convention.

A TUCP General Council meeting made the clarification that individual federations on their own can support and work for the election of candidates of their choice provided TUCP's name is not used for these partisan activities.

"I do not understand why a TUCP official should be upset over the publication of a National Labor Coalition manifesto of support for the Marcos-Tolentino team signed by various labor organizations including 18 TUCP affiliated federations," Dinglasan said.

"These organizations under the TUCP have all the right in the world to use TUCP's name because they are and continue to be TUCP members, But we internationally did not affix TUCP to their federation names precisely to avoid giving the impression that TUCP is partisan for one candidate or another.

"When Bro Mendoza said in [a] statement yesterday the TUCP is not for Marcos, he should in the same vein said the TUCP is not also for Aquino to maintain his non-partisan position.

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CSO: 4200/653

PAPER CLAIMS PRE-ELECTION DEFECTIONS FROM OPPOSITION RANKS

HK311622 Manila TIMES JOURNAL in English 31 Jan 86 pp 1, 3

[By Angel Tugado]

[Text] With only 8 days to go before election, opposition ranks appear to be rocked by defections.

Yesterday alone, more than 1,000 ward leaders and election volunteers in Tondo reportedly belonging to the United Nationalist Democratic Organization [UNIDO] crossed over to the ruling Kilusang Bagong Lipunan while another 151 opposition men in Paranaque and Las Pinas have also broken ranks and joined the Marcos-Tolentino Movement.

The 50,000 members of the Liberal Party [LP]-Salonga wing in Negros also decided yesterday to support President Marcos, according to TIMES JOURNAL correspondent Satch Conta in Bacolod City.

The new KBL members pledged support for the president during ceremonies at the New Mandate for Marcos Movement headquarters in Intramuros where the Tondo leaders took their oath of affiliation before Labor Minister Blas Ople yesterday morning.

Sources at the ruling party said the mass defection would cripple opposition efforts to win in Tondo because most of the defectors were assigned as poll watchers by the UNIDO.

Asked why they decided to join the KBL, the leaders and volunteers said that they were convinced of the good intentions of the ruling party candidates.

Most of those who joined the KBL were supporters of opposition member of parliament Mel Lopez, sources said.

Carrying posters which read "Sa tatag ni Apo kami ay sumuko--UNIDO" [We have surrendered to the chief's side--UNIDO] and "UNIDO noon, KBL ngayon," [UNIDO then, KBL now] the group marched from Tondo to the movement headquarters in Intramuros where they surrendered their UNIDO IDs in exchange for those of the KBL.

In Paranaque and Laso Pinas, Ilocos Norte Governor Ferdinand R. Marcos Jr, national chairman of the Marcos-Tolentino Movement (MTM), swore into the movement former oppositionists led by businessman Paul Tolentino and lawyer Boy Rodriguez.

The group said they decided to campaign for the KBL because they "have come to realize that Cory Aquino has none of the qualifications for the presidency.

Meanwhile, what remained of the opposition machinery in Negros broke down yesterday with the decision of the 50,000-strong LP-Salonga wing to support the president.

Former Congressman Felix Amante, LP titular head for Negros Occidental and Negros del Norte, announced the party decision after a caucus at Casa Noble restaurant.

Amante had earlier informed the president of their intention to support him when the president was in Bacolod last Monday.

Alleging that they were excluded from the opposition campaign, Amante claimed the campaign was taken over by politicians and oppositionists who not only formed a cordon sanitaire around Aquino but also attempted to use the LP for their own ends.

Among those named by Amante as having ambitions to lead the opposition by using the LP machinery were MP Wilson Gamboa, UNIDO provincial chairman; Roger Reyes, spokesman of the New Alliance for Sugar Planters and head of the Negros for Aquino-Laurel Movement; former Bacolod Mayor Romeo Guanzon, chairman of the Cory Aquino for President Movement; and Alex Espino, president of West Negros College.

Amante claimed that the machinery which UNIDO boasted of is actually that the LP, which he further claimed, has been responsible for opposition victories in the province including the election of Gamboa in the 1984 Batasan elections.

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CSO: 4200/651

BLACK MARKET SUSPENDS U.S. DOLLAR TRADING BEFORE ELECTION

HK030823 Manila PHILIPPINES DAILY EXPRESS in English 1 Feb 84 p 20

[By George T. Neruez]

[Text] An upsurge in demand for blackmarket dollars prompted the socalled 'Binondo Central Bank' [CB] to suspend foreign currency buying-selling activities starting last Wednesday.

According to knowledgeable sources suspension of the illegal foreign currency operations was intended to stem the massive flight of dollars as indicated by the sharp fall in the blackmarket rate.

They said the heavy demand for the greenback started building up mid-January when the Binondo blackmarket rate shot up almost 50 centavos to P19.90 to $1.

The most recent Binondo rate was P20.30 to $1, which was P1.21 more than the official peso-dollar rate of P19.09 to $1.

The rate outside of the 'Binondo CB' has reportedly reached P20.70 to $1, the sources said.

In the past, buyers had to show proof, such as letters-of-credit, to be entitled to foreign exchange from the 'Binondo CB,' the sources said.

Lately, however, almost anybody can get foreign exchange from the bank, especially in the form of telegraphic transfers, they said.

The recent upsurge in demand has been fueled by renewed speculations over the peso because of the presidential snap elections next week.

The sources said the suspension of the 'Binando CB' operations was caused in part by the recent spate of criticisms on its alleged failure to perform its role of helping stabilize the value of the peso against the U.S. currency.

The sources said the 'bank' would remain closed for 2 weeks although operators said buying and selling activities would be suspended for only a week.

They said the activities of the Binondo CB which operates with the tacit approval of trade and monetary authorities, have gone out of bounds. Some blackmarket traders were reportedly under investigation to explain the wide spread from the official bank rate and, who were benefitting from the huge profits.

The Binondo CB has a daily turnover of about $5 million which means a profit of P2 million or about P700 million yearly.

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CSO: 4200/673

PHILIPPINES

FORMER ENVOY CRITICIZES LUGAR, NAMFREL TIES WITH U.S.

HK040800 Manila PHILIPPINES DAILY EXPRESS in English 3 Feb 86 pp 1, 14

[Text] Former Ambassador J.V. Cruz said yesterday the demand of U.S. Senator Richard Lugar, chairman of the U.S. Senate Foreign Relations Committee, that Namfrel be permitted to carry out its Operation Quick Count "has finally and conclusively given away the umbilical cord that has always tied Namfrel to colonialist elements in the United States and the U.S. Government."

Cruz said the leaders of Namfrel, "if they are self-respecting Filipinos, should firmly tell Lugar that internal election arrangements in this country are purely and exclusively the business of the Filipino people and that he should shut up and keep out of what is none of his business." He added: "But I am afraid nothing like this will happen, firstly, because the leaders of Namfrel glory in being atchoys [gofers] of the Americans, and secondly, they cannot afford to bite the hand that feeds them."

Cruz said it was "sad" that socalled stalwarts of the Filipino business community like Jose Concepcion Jr, Vicente Jayme, and Vicente Paterno should allow themselves to be exposed by an American atchoys and to protect them from embarassament and humiliation, since they are known to be respectable Filipino business leaders. But it is a fact that caciques have never bothered with the sensibilities of their retainers."

In the light of the fact that Senator Lugar and his observers are coming to the Philippines at the invitation of President Marcos, Cruz said that Lugar "as early as now has begun to exceed the bounds of the normal well-manered guest." He said: "President Marcos has told them they may have a room in the house. Now they are demanding that they take over the whole house."

Cruz said, Lugar's next move will probably be to tell the Commission on Elections who should be named chairmen of the election boards throughout the country. "Maybe Lugar would like to take over as chairman of Comelec," he added. "This would send the leaders of Namfrel into spasms of ecstasy."

Cruz said lugar's "aggressive proselytizing" for Namfrel "has finally spilled the beans as to who has been funding Namfrel all along." He said: "Obviously Lugar wants to get full value for money, and this is why he wants to make sure that Namfrel is given the chance to play its pre-planned insidious role of broadcasting fabricated returns aimed at projecting a big victory for the opposition."

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CSO: 4200/673

KBL'S TOLENTINO ON ELECTION, POLITICAL ISSUES

PM070937 Barcelona LA VANGUARDIA in Spanish 3 Feb 86 p 9

[Interview with Philippine vice presidential candidate Arturo Tolentino by Sylvia de Bejar in Manila; date not given]

[Excerpts] [Bejar] After declaring the election unconstitutional, you finally decided to accept your nomination as candidate for the vice presidency. Do you believe that your decision has cost you credibility among the public?

[Tolentino] The Supreme Court declared that the election is constitutional, and whatever our personal stance, we must respect its decisions, because it is the guarantor of the constitution.

[Bejar] And your credibility has not been affected?

[Tolentino] No. It does not affect my credibility; if anything, it affects Mr Marcos' credibility. Basically, it means that the president discovered that he made a mistake in asking me to leave my post at the Foreign Ministry and decided to compensate me for it.

[Bejar] Is the New Society Movement [KBL] certain of its victory?

[Tolentino] I am just a candidate. I do not know what the party believes, but I feel that they are certain that we will win. I admit that at the start of the campaign we were somewhat uncertain, but now victory is within our grasp.

[Bejar] Has the accusation that you are going to rig the election anything to do with this?

[Tolentino] These accusations are always leveled. The opposition is preparing an excuse for when it loses. It is not the first time that these things have been said.

[Bejar] Let us imagine that the opposition wins the election. Will the KBL and the military accept this?

[Tolentino] If that is what the people want, we will all accept it. But, just a few days away from the election, I can see victory clearly.

[Bejar] How will you maintain your critical stance as a member of Marcos' government?

[Tolentino] I have never been an activist against the KBL. I have always been a member of it, but even so I have acted as a critic. I have always been highly critical. If I attain the vice presidency, I will continue to act in the same way.

[Bejar] If the Marcos-Tolentino team wins the election, what will change?

[Tolentino] It is obvious that Marcos wants to make changes in the government. One point is the revision of the Sixth Amendment. I believe that he must relinquish his legislative powers, and I know that he has ended up thinking in the same way, and that is why he has said that he will allow a revision of the constitution.

[Bejar] How will it affect the military?

[Tolentino] The reforms are necessary. When I am vice president, I will know to what extent and I will tell Marcos.

[Bejar] And General Ver?

[Tolentino] That is the president's province. I will deal with this after the election.

[Bejar] What can you say about the issue of the alleged dirty money which Mr and Mrs Marcos and their close friends have invested abroad?

[Tolentino] I do not know what you mean. I want to see the evidence. In this country there is a presumption of innocence. In order to investigate, it is necessary to have evidence.

[Bejar] But did you not say not long ago that, if you attained power, you would investigate the accusations about Mr and Mrs Marcos' alleged corruption?

[Tolentino] That is a lie. When the motion to oust Marcos was being prepared, I asked to be shown the evidence. Above all, I am a lawyer, and I want evidence.

[Bejar] What is your opinion of the opposition, specifically, of Mrs Aquino?

[Tolentino] I do not wish to give my opinion about opponents; the people will do it for me.

[Bejar] What is your opinion about the U.S. observers' arrival?

[Tolentino] They may not like what I say, but I believe that some of them just want a free trip to the Philippines. As long as they do not interfere in our campaign and in the electoral process, I can see no objection, although there are some people who forget that they are our guests. The election is a matter of domestic politics; that is, all foreigners should remain neutral, and that is what the Reagan administration is doing--attempting not to favor any candidate.

[Bejar] Washington's interest in keeping its bases on Philippine territory is clear.

[Tolentino] The bases will remain until 1991. Then, if they wish to stay here, we will negotiate. We will ask for more money. Personally, I want them to stay, but I believe that we should receive compensation for the dangers we incur by having them on our territory.

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CSO: 4200/673

GROUPS STUDYING MARCOS' REFORM PROPOSALS

HK041002 Manila TIMES JOURNAL in English 3 Feb 86 pp 1, 10

[By Vicente Tanedo]

[Text] Several top-level study groups are now looking into reform policies and programs that President Marcos would carry out if reelected.

The President said these teams would gear such programs to problems and opportunities the nation faces in the next 6 to 10 years and even beyond.

"The object is to enable us to plan for longer-term problems of economic modernization, political development and social concern that need to be faced over the foreseeable future," the president said in a statement yesterday.

According to the president, ways are also being improvised to take advantage of new opportunities that will enhance the economy for the benefit of the "emerging social forces" within the population.

Mr Marcos identified these forces as the landless agricultural workers, people who migrated to the cities but ended up in worse economic shape and the expanding middle-class families whose children are prime targets of radicals in the universities.

If the political system could not adjust itself to these new social forces, the government would have to rely increasingly on coercion, the President pointed out.

For this reason, the president said, it is vital that government does not forfeit all the possibilities of peaceful change.

In line with this new spirit, the president said that, if given by the people a new term, his economic program would stress the fight against poverty and bridge the gap between rich and poor.

The government's forthcoming antipoverty program will give priority to raising the levels of income and living conditions of the people working in the farms.

The president predicted that agricultural production, once accelerated, would provide opportunities for those living in the rural areas. To this end, he proposed the opening up of more lands for agricultural purposes that would also broaden the export economy.

He expected the growth of cities to normalize with light industries operating more extensively in the rural areas.

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CSO: 4200/674

FORMER MNLF LEADER ENDORSES MARCOS, HITS AQUINO, COMMUNISTS

BK040809 Manila PNA in English 0722 GMT 4 Feb 86

[Text] Manila, 4 February (PNA)--A former Muslim separatist guerrilla leader Tuesday said he would resume fighting against the government if opposition bet Corazon Aquino defeats reelectionist President Ferdinand Marcos in Friday's polls.

"I will go back to the hills," said 32-year-old Nur Khan, former military tactician of the banned Moro National Liberation Front (MNLF) headed by foreign-based chieftain Nur Misuari.

Khan, who surrendered to President Marcos last year, said he was taken aback over the plan of Aquino, the 53-year-old widow of the late former Senator Beningno S. Aquino Jr, that she would call for a ceasefire with the communists if she wins in the Friday's polls.

"If they (the opposition) will legalize the Communist Party of the Philippines, God forbid, we will fight them," he said.

He recalled that when he was still an active secessionist leader in the southern Philippine province of Davao Del Norte in 1983, his men were treacherously butchered by communist guerrillas.

At the time, he added, the MNLF and the communist New People's Army (NPA) had agreed to forge an alliance.

"We lived together in the same camp and shared the same kitchen," he said.

"But when we could not accept the communist proposal for certain offensive actions against the government, they started killing our brother Muslims," Khan said.

Khan, once the MNLF liaison officer to the Islamic Conference Secretariat in Saudi Arabia, said he surrendered to Mr Marcos for two reasons: the realization that the government was sincere in its efforts to make life better for the people, especially the Muslims, and his desire to help fight the growing menace of communism.

He said he has organized a team of 50 foreign-trained former MNLF rebels and 1 "Ulama," or religious teacher, to explain the issue involved in the [words indistinct].

The former rebel commander said it is only President Marcos who can lead the Filipino people effectively against the inroads of communism.

"Don't want Russia or China to expand their influence to our country," he said.

Khan also said he met former Senator Aquino in Damascus, Syria, in June 1981 when Aquino discussed with Misuari plans for toppling the Marcos government.

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CSO: 4200/675

PHILIPPINES DAILY EXPRESS ENDORSES MARCOS-TOLENTINO

HK061523 Manila PHILIPPINES DAILY EXPRESS in English 6 Feb 86 pp 1, 6

[Editorial: "'EXPRESS' Endorses Marcos, Tolentino"]

[Text] Tomorrow's election will be unique in our post-war history. It takes place at a time of unprecedented crisis in our life as a nation and as a free republic.

The tension that has characterized the campaign in a sense merely reflects the importance ordinary Filipinos themselves give to the elections. As everyone knows by now, the crisis is primarily economic. But the existence of an insurgency eating away at the bases of government authority has added a fearful dimension to our economic difficulties.

The immediate question that faces the electorate is to decide which of the competing teams--President Marcos and Assemblyman Tolentino for the ruling party; Mrs Corazon Cojuangco Aquino and former Assemblyman Salvador Laurel for the dominant opposition--could better see our country through its economic and security crisis.

The basic question is: What will the future of this country be? For we are at such a turning point in our history that what the new administration will do--and not do--over the next years can decisively influence the entire development of national society clear to the 21st century.

Over the past 45 days the candidates have crisscrossed the country speaking on the issues. Now that the campaign is over, it is the electorate's turn to speak out through the ballot box.

Our own choice is clear. The EXPRESS unequivocably endorses the Marcos-Tolentino ticket. We do so because we do not believe the Aquino-Laurel team as either capable--or even willing--to deal firmly with the insurgency, which threatens the Philippine state with an irrevocable tyranny. We regard Mrs Aquino's effort to ride the communist front-organizations to electoral victory as dangerously naive. Like her brother-in-law's flirtation with the MNLF secessionists, it is an irresponsible effort to substitute conspiratorial groups for popular support.

As for Mrs Aquino's economic policy, she had admitted it is merely a rehash of Mr Marcos'. All she would add to it is her well-known sincerity. Unfortunately that virtue in Mrs Aquino has recnetly been put to doubt by the plight of over 6,000 tenants at her family's Hacienda Luisita.

Thus we fear a victory for the Aquino-Laurel team will merely worsen the present crisis. By contrast, the ruling party's candidates have the leadership qualities, the experience, the courage, and the intelligence that our country needs to make its way out of its difficulties to the good society our people deserve. That is why we urge our readers to support Mr Marcos and Assemblyman Tolentino.

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CSO: 4200/673

BAYAN LEADER DENIES BOYCOTT ISOLATES MOVEMENT

HK060716 Hong Kong AFP in English 0649 GMT 6 Feb 86

[By Joel Paredes]

[Text] Manila, 6 February (AFP)--The Philippine left has found itself isolated after calling a boycott for tomorrow's presidential election, but the movement's new leader feels the stand will be justified by the election result.

"No dictator has ever lost in an election so (President Ferdinand) Marcos, although unpopular, will surely win... by all means, including the use of fraud and terrorism," Rolando Olalia, president of the boycott alliance Bayan [New People's Alliance], told AGENCE FRANCE-PRESSE.

Things would be little better if opposition Corazon Aquino won, Mr Olalia said, because "we are not assured of a change in the political and economic system."

But many Bayan supporters apparently do not share this view.

Unlike the 1981 presidential election, when the opposition boycotted the poll, leaving the field free for Mr Marcos to claim more than 90 percent of the votes, this year's boycott has isolated the left, observers say.

Recent boycott rallies have attracted only hundreds, or at the most 2,000 or 3,000 supporters, while Mrs Aquino has attracted as many as half a million supporters at a single rally and Mr Marcos more than 100,000.

Part of the problem is that many Bayan members quit to support Mrs Aquino when the boycott decision was taken in December.

Mr Olalia, a militant labour leader, took over the Bayan helm after former Senator Ambrosio Padilla and Boyan Chairman Lorenzo Tanada opted out to campaign for Mrs Aquino.

Observers said Bayan was facing a political dilemma since the moderates and liberal democrats immediately left the alliance to join Mr Tanada and Mr Padilla and help forge Mrs Aquino's Laban ng Bayan [People's Struggle] Coalition.

Bayan, which claims the support of about 500 labor, student, farmers', church, and professional groups, decided to shun the polls after Mrs Aquino refused to back the alliance's platform, which includes the immediate dismantling of U.S. military bases in the Philippines.

At the same time, the boycott move has exposed Bayan to charges from Mr Marcos' supporters that it is "communist-oriented."

The banned Communist Party of the Philippines (CPP) has urged a boycott, saying that a Marcos victory was a "foregone conclusion." Leaflets from the communist-led New Democratic Front (NFD) were handed out at a recent boycott protest.

Mr Olalia admits that the boycott stand is "quite unclear" because many Bayan members had declared that they would support Mrs Aquino's candidacy before Bayan's boycott decision.

But he said he doubted that the decision had isolated the left, saying that his was "the only organized group which represents the people's struggle for basic rights."

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CSO: 4200/675

RAMOS SAYS CPP-NPA WILL NEVER NEGOTIATE AFTER POLLS

HK061531 Manila PHILIPPINES DAILY EXPRESS in English 6 Feb 86 p 8

[By Leo Enriquez]

[Text] Cebu City--Lieutenant General Fidel Ramos, AFP vice chief of staff, said Wednesday that the Communist Party of the Philippines [CPP] and the New People's Army will never lay down their arms and negotiate, even if the opposition wins in the 7 February elections.

Ramos made this disclosure in a conference at Camp Sergio Osmena Sr, after an assessment of the peace and order situation in Central Visayas with RUC [Regional Unified Command] 7 Chief Brigadier General Renato Ecarma.

Ramos said the CPP-NPA will not abandon the armed struggle they are now waging because their ulitmate aim is the seizure of state power.

"We must remember," Ramos said, "that insurgency does not stop during the election as communists are engaged in both the parliamentary and armed struggle."

Citing the history of the communist party, Ramos said there was only one instance in the past when local communists had agreed to negotiate, out of the necessity to survive.

Communists, he added, will only come to the conference table as a matter of strategy and tactics, but never to compromise the armed struggle.

Ramos said this has been proven several [times] by communist insurgency which eventually winded up under the rule of a godless ideology.

He pointed out that recently captured documents indicated that the CPP-NPA will intensify their "agaw armas" [seized arms] campaign and will attack isolated military and police stations on election day as part of their plans to disurpt the polls.

The armed forces, he said, is on top of the situation and can handle any outbreak anywhere in the archipelago, adding that 78,000 fully trained men will be deployed on election day as a peace keeping force.

As of yesterday, Ramos said, 62 election-related incidents have been recorded. In the 1984 elections there were 118 cases; in 1981, 178, and 180 in 1980.

During the same press conference, Ecarma said that 17 barangays in Metro Cebu were tagged as hot spots, including some mountain barangays in Toledo City, in the towns of Balamban, Bogo, and Talisay.

In the region, Ecarma added, Negros Oriental has 9 potential hot spots, 14 in Bohol, and 2 in Siquijor Island. But Central Visayas will be generally peaceful on election day, he said.

/12232
CSO: 4200/673

PHILIPPINES

RADIO COMMENTARY HITS PLANS TO PROCLAIM AQUINO PRESIDENT

HK090549 Quezon City Maharlika Broadcasting System in English 0520 GMT 9 Feb 86

[Text] A helicopter landed in the hometown of the distinguished speaker of the Batasang Pambansa, Mr Nicanor Yniquez, proclaiming that Cory Aquino had won the presidential election and announcing to the people that she had won. They also had placards, and they urged the church, or the priest, to ring church bells. This happned in the hometown of Speaker Yniguez. A helicopter--we don't know who that helicopter belongs to--landed there selling placards and proclaiming that Cory Aquino had won the presidential elections, and asked the church leaders to ring the church bells.

Now Namfrel [National Citizens' Movement for Free Elections] volunteers are reportedly going and try to collect ballot boxes from the people who are authorized to keep them. There is a very specific instruction being given out to mayors and governors not to allow Namfrel people to take hold of ballot boxes, because this is not their function and certainly it is going beyond the bounds of the law. So the mayors, all the mayors and all the governors, are asked not to allow Namfrel people to gather any of the ballot boxes.

The other thing I learned is that what was done in the hometown of Speaker Yniquez they plan to do in several other towns, go around and proclaim Mrs Cory Aquino as winner of the presidential election, and I've got news for you, they are planning a proclamation of Cory Aquino at Liwasang Bonifacio.

It is very clear to most of us, indeed to most rational human beings in this country at the moment, that there is a deliberate attempt to try and provoke both the government, the party in power, and supporters of the government and party in power to react to the provocations, so that some of our friends from across the seas might be able to get some pictures of this and develop what they think will be good stories for them and for their listeners.

But the president, as he said last night, and the party leaders of the KBL, and all the men in government have cautioned against being provoked and asked our people to stay calm and the leaders to stay calm, cool, and collected, use maximun tolerance. But of course they have to protect the law, and if they find anybody going beyond the bounds of the law, they will be [word indistinct].

Now along Bienvia Esta, there are jeeps with loudspeakers saying that President Marcos has conceded and carrying posters that President Marcos has conceded.

One can never understand from where the people who get this information, from where they get the figures, even the Namfrel figures as of this particular time do not come anywhere near 50 percent of the total votes cast in this election, yet the opposition and some of their supporters and some of the people who are obviously behind the scenes pulling the strings are going around trying to create or develop a situation where our people will be provoked and, it could lead to an unfortunate situation.

Attorney Reuben Canoy, presidential candidate of the Social Democratic Party, precisely warned against this last night, this attempt to provoke. He said, and I quote, Mrs Aquino is losing control of the situation, we would ask her to rethink her position, and that she is now being manipulated by those behind her, whom he referred to and people some of whom he knew with shadowy backgrounds.

We would like to once again appeal to our friends, even though some of them may not be our friends in the opposition, to please exercise sobriety and good sense, and not to try and provoke a situation that they may not be able to control. It would be terribly unfair to our nation and people.

/12232
CSO: 4200/675

ROLE OF CHURCH IN PHILIPPINE ELECTIONS NOTED

HK090540 Hong Kong AFP in English 0535 GMT 9 Feb 86

[Text] Manila, 9 February (AFP)--Bishops, priests and nuns by the thousands kept a vigil during counting in the Philippine presidential election in response to the rousing call of the Catholic hierarchy to march for "the forces of virtue."

Many foreign correspondents covering the polls nationwide told of incidents where nuns guarded the ballot boxes with their bodies, stood unflinching as goons threatened them with armalites, and prayed and sang for divine guidance.

In remote towns and villages, priests were at the vanguard of the National Citizens Movement for Free Elections (Namfrel) whose quick count had opposition candidate Corazon Aquino leading over President Ferdinand Marcos.

The Namfrel leadership under Chairman Jose Concepcion has called these priests and nuns the "Namfrel marines."

If they are marines, their commander-in-chief is portly Jaime Cardinal Sin, archbishop of Manila who almost hourly appeals over the Catholic and pro-opposition Radio Veritas to fight for right and virtue.

Almost half-hourly, the radio blares the protestant religious martial tune "Onward Christian Soldiers, Marching As To War." Some parents say even their small kids march to the song--never before heard on the Catholic station.

In a recent interview, the cardinal said the elections were a confrontation between "the forces of evil and the forces of virtue" and between "the children of darkness and the children of light."

Also in the church crusade for clean and honest elections is Ricardo Cardinal Vidal, president of the Catholic Bishops Conference of the Philippines who has urged the priesthood to fight for "the purity of the ballot."

There are more than 6,000 priests and 15,000 nuns in predominantly Catholic Philippines. A small handful, led by rebel priest Father Conrado Balweg, has joined the communist New People's Army.

Another notable church figure in Namfrel is brother Rolando Dizon, president of the Catholic Educational Institution La Salle Greenhills, who mans the Namfrel quick count headquarters in La Salle in Manila's northern suburbs.

Another fighting church figure is Bishop Antonio Fortich in the south, whose anti-government salvoes were quite pronounced during the electoral campaign. Bishop Teodoro Bacanixn aide to Cardinal Sin, also mans the church barricades.

Best known among the religious sisters are Christine Tan, who has long ministered to Manila's slum-dwellers, and Mariani Diamaranan, who heads a religious task force protecting the rights of political prisoners.

The two sisters are familiar figures whenever anti-government demonstrations erupt in Metro Manila's streets and electoral vigils are held.

/12232
CSO: 4200/675

PHILIPPINES

REPORTS SUMMARIZE VIOLENCE, FRAUD IN ELECTIONS

HK081018 Hong Kong AFP in English 0858 GMT 8 Feb 86

[By Joel Paredes]

[Text] Manila, 8 February (AFP)--New reports of violence, intimidation and fraud in the Philippine presidential election poured in today, prompting some to call it one of the dirtiest polls in a country known for its rough-and-tumble politics.

Voter fraud in yesterday's balloting was "probably the worst in recent history," Christian Monsod, secretary-general of the poll-watching National Citizens Movement for Free Elections (Namfrel), said today.

He said that ward leaders of the ruling New Society Movement (KBL) and military men were among the worst election-law violators in the contest between President Ferdinand Marcos and opposition candidate Corazon Aquino.

Namfrel sopkesman Benjamin Lozare said the irregularities were "unprecedented" and "10 times more" than those reported in the 1984 general election when the opposition won a third of the seats.

The KBL, which accuses Namfrel of being pro-opposition, had denied acting illegally and countered by complaining to the government Commission Elections (Comelec) that Namfrel volunteers were the lawbreakers.

Yesterday's vote followed a bitterly fought 2-months campaign between Mr Marcos, who is seeking a fresh 6-year mandate after 20 years in power, and Mrs Aquino, widow of slain opposition leader Benigno Aquino.

Mr Monsod said that the fraud was "massive" and "well-orchestrated" in 56 of the country's 74 provinces, including [illegible] provinces generally considered to be Mrs Aquino's strongholds.

The fraud included reports of vote-buying, ballot-box snatching, and anomalous procedures in the polling centers.

The head of a U.S. delegation here to monitor the elections, Senator Richard Lugar, said on U.S. television that the government's handling of the count was "very suspicious."

He said Mr Marcos seemed to be delaying holding an official tally "until he knows how many additional votes he needs to win."

Mr Marcos has stressed that the only official result will be that verified by the National Assembly, but this is expected to take at least a week.

Mr Monsod said he considered violence committed to intimidate voters as "the worst form of fraud initiated" during the poll.

Namfrel, which fielded some 500,000 volunteers for poll watch duty on election day, said more than 100 political killings had been reported in the campaign, 57 of them since Thursday.

Police reports from various areas of the country put yesterday's toll at 26, and the overall election toll at more than 80, although figures compiled at the police headquarters here by today gave a total of only 66 deaths.

Namfrel's Mr Lozare said that 122 violent incidents were recorded in Metropolitan Manila alone, and at least 400,000 registered voters in the area were turned away from polling stations because their names could not be found on Comelec lists.

Metropolitan Manila, grouping 13 towns and cities and accounting for 16.34 percent of the 26.1 million registered voters, is considered a major battleground and an opposition bailiwick.

Namfrel, which was deputized by the Comelec as its citizens arm, also reported 622 cases of fraud in the metropolis.

Namfrel members themselves were not spared. Volunteer Rodrigo Ponce was gunned down in the central city of Roxas yesterday while trying to prevent armed men from snatching ballot boxes. Foreign correspondents saw gunmen storm into some precincts to flush out and even maul Namfrel volunteers. The watchdog members complained of being blocked from transmitting results where opposition candidates were winning.

Mr. Monsod said they had alerted Comelec Chairman Victorino Savellano to act before the country was hit with an "electoral failure."

Ernesto Maceda, vice president of the United Nationalist Democratic Organisation (Unido) whose banner Mrs Aquino ran under, said that Mr Marcos would be "signing his own political death warrant" by cheating.

"There is no way he (Mr Marcos) can recover from this disaster of incredibility," Mr Maceda said.

/12232
CSO: 4200/675

BUSINESS SECTOR CONCERN OVER POLL FRAUD NOTED

HK100848 Hong Kong AFP in English 0831 GMT 10 Feb 86

[By Cecil Morella]

[Text] Manila, 10 February (AFP)--A fraudulent victory in the presidential election could spell further trouble for the already struggling Philippine economy, business experts say here.

"If the process of the election cannot be trusted, loss of confidence in the Philippine economy will become worse... and the downward spiral will continue," Paul Roco, a leading corporate lawyer told AGENCE FRANCE-PRESSE today.

Tension has been rising here since Friday's election, which capped a bitter 2-month campaign and sparked mounting charges of fraud and confusion over who was winning, with unofficial counts giving conflicting results.

International and U.S. observer delegations have already charged that the poll, pitting President Ferdinand Marcos against political newcomer Corazon Aquino, was marred with violence and fraud.

Many businessmen here were hanging fire as they joined the vigil awaiting the outcome of the election. But they expressed concern over the future.

The bottom line for many is not who is proclaimed the winner, but the fraud issue and its possible aftermath.

"If the Filipino for foreign businessman does not perceive that there will be stability... and would not be very favorable to his business, he will be content with what he has, or just pull out," said Felix Maramba, former head of the Philippine Chamber of Commerce and Industry (PCCI).

"Most of us are waiting to see what will happen," he told AGENCE FRANCE-PRESSE today.

Local and foreign investors have been cautious since the country plunged into economic crisis in 1983, following the assassination of opposition leader Benigno Aquino, husband of the presidential candidate.

The economy has suffered negative growth for the past 2 years, and many businessmen pulled out after the assassination at Manila Airport, blamed by the opposition on Mr Marcos.

The Philippines, whose foreign debt is conservatively estimated at 25.2 billion dollars, has not paid principal on private bank loans since October 1983, 2 months after the Aquino murder.

Manila has been extending the payment freeze every 90 days while working out the rescheduling of over half of the loans with 483 foreign banks. Some loans have already been rescheduled over a 10-year period.

For many who have remained, the problem boils down to a crisis of confidence in the government of Mr Marcos, who faced a mounting communist insurgency and increasing pressure from Washington for economic and social reform, capped by demands for a credible election.

The president apparently acknowledged the problems when he called the snap election to secure a fresh 6-year mandate for him to steer the nation's economy toward recovery.

Mr Maramba said he was worried by the prospect that Mr Marcos might nullify the election results and continue in power until his mandate ends in 1987--a possibility raised by the president over the weekend.

Also worrying, he said was Mrs Aquino's threat to lead daily protests if she were cheated out of victory.

Analysts here say they fear violent confrontations between the two camps, while the Philippines' primate, Jaime Cardinal Sin, yesterday warned that a fraudulent election victory could lead to the "possibility that we may use violence upon each other and even bring about the shedding of brothers' blood."

Foreign trade partners and investors here seem to be waiting warily too, according to a survey conducted by BUSINESS DAY, Manila's leading economic daily.

The paper said no new investments were expected in the near future even among the Japanese, considered the most active investors even at the height of the Philippine economic crisis.

New orders for exports had been halted and producers were just filling up orders lodged last year, the daily added.

/12232
CSO: 4200/675

COLUMNIST CITES SUPREME COURT FIGHT FOR CIVIL LIBERTIES

HK050937 Manila BULLETIN TODAY in English 4 Feb 86 p 6

[From column by Jesus Bigornia: "A Triumph for Cause of Civil Liberties"]

[Text] More often than most people think, the Supreme Court is a more effective venue for waging the fight for civil liberties than the "Parliament of the Streets." Lawyer Efren C. Moncopa, a graduate of the Ateneo Law College and one-time an associate in the Diokno law office, proved that with persistence and a moderate amount of persuasiveness, an aggrieved party can still win his battle for rights guaranteed by the Constitution. It took him quite a while, but Mr Moncopa has won his legal battles against the phalanx of government lawyers and is now a free man.

Arrested, along with others on 22 April 1982 Mr Moncopa was taken to and detained at Camp Bagobantay, Quezon City. On the allegation that he was a member of the outlawed National Democratic Front, Mr Moncopa was detained under a presidential commitment order (PCD). After two separate investigations by the Quezon City Fiscal Office, the charge was dropped but he was accused for alleged illegal possession of firearms. Although he was not prosecuted under the anti-Subversion Law, his motions for bail were denied. For redress, he went to the Supreme Court on a petition for a writ of habeas corpus.

Meantime, Mr Moncopa was released under guarantee of Minister of Defense Juan Ponce Enrile and General Fabian C. Ver. In answer to his petition, the government claimed it has already become moot and academic because of Moncopa's provisional release, holding that the petitioner "is free and no longer under the custody of the military." Mr Moncopa opposed the government's motion to quash his petition for a writ, saying that his release "merely shifted the inquiry from the legality of his actual detention to the legality of conditions imposed by respondents, including curtailment of freedom of movement, restriction to his place of abode, and freedom of speech.

In its decision promulgated last week, the Supreme Court upheld Moncopa's position. The unanimous decision penned by Associate Justice Hugo Gutierrez held that "a release that renders a petition for a writ of habeas corpus moot and academic must be one which is free from involuntary restraints. Where a person continues to be unlawfully denied one or more of his constitutional freedoms, where there is present a denial of due process, where the restraints are not mere involuntary but appear to be unnecessary, and where deprivation of freedom originally valid has, in the light of subsequent developments, become arbitrary, the person concerned or those applying in his behalf may still avail themselves of the privilege of the writ."

The significance of the Gutierrez decision cannot be overemphasized. Henceforth detainees, including those arrested pursuant to a PCO who are released, can no longer be burdened with conditions and restrictions. By waging his battle in the Supreme Court, Moncopa has scored a significant victory for all detainees in this country. Moreover, he has struck a mighty blow for civil liberties and human rights. This column commends Efren C. Moncopa for his fighting for his and countrymen's rights under the Bill of Rights in the Constitution of the Philippines. May his tribe increase.

/12232
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NATION'S DEBT SERVICE MORE THAN TWO-THIRDS OF EXPORTS

Manila BUSINESS DAY in English 14 Jan 86 p 3

[Article by Rigoberto D. Tiglao]

[Text]

The country's servicing of its foreign debt — covering payments on both interest and principal — reached $3.1 billion last year, more than two-thirds of the estimated 1985 exports of $4.7 billion.

Sources at the Central Bank said that while the $3.1 billion was only an estimate made during the last International Monetary Fund (IMF) performance review covering end-September figures, it is fairly accurate because it incorporates the debt service requirements of government and private corporations. These figures were submitted by these corporations to the CB.

Business Day computations show that the Philippine debt service last year used up 9.7% of the country's total economic output in 1985, on the assumption that the dollar value of the gross national product (GNP) last year amounted to $32 billion (arrived at by dividing the reported P607.425 billion GNP by the yearend exchange rate of P19 to $1).

The bulk of the debt service last year consisted of interest payments which amounted to $2.8 billion, since the moratorium on principal repayments continued to be in effect throughout the year. The moratorium reduced the country's total debt service by $1.2 billion. Without the moratorium, the total debt service has been estimated to amount to $4.3 billion.

RATIO. While the debt service ratio — the total interest payments and repayments on principal measured as a percentage of export receipts — could not be determined because of the unavailability of yearend foreign exchange receipts from services and transfers, it was estimated to be in the 30%-35% range, lower than the 1984 ratio of 48%.

Estimates made by the CB show that the debt service for 1986 will increase by about $300 million to $3.4 billion. If the government fails to work out rescheduling agreements in the coming years, there will be a surge in the country's debt service requirements. The projected debt service for next year is $4.8 billion and it will only dip slightly in the following two years.

The sources said the country's debt profile shows that multi-year reschedulings may have to be sought by the government, unless a commodity boom occurs in the world market which will allow the country to rely on its export earnings to service its debts without their having to be stretched out. To facilitate talks with the international banking community for subsequent debt rescheduling agreements, the government had committed in its letter of intent to the IMF that it will seek another standby arrangement with the Fund after the current one expires in June this year.

Sources in the foreign banking community noted however that the "environment" for new debt rescheduling agreements will not be favorable this year. There is a growing nervousness in the world banking community on the prospects of the debt crisis largely because of the still unsure billion-dollar payments scheduled to be made by Mexico this year. Also, the policy statements by the Peruvian government that it will limit its debt servicing to 20% of the country's export receipts and the precedent set by Nigeria in refusing an IMF standby arrangement are making the world financial community edgy.

All these are expected to make international banks more reluctant about extending new credits or postponing the payments on maturing obligations of countries with debt problems like the Philippines.

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CSO: 4200/654

FOREIGN BANKS CLOSING CREDIT LINES

Manila BUSINESS DAY in English 14 Jan 86 p 3

[Text]

Foreign banks are converting more of the credit lines they have extended to local banks under the $3-billion trade financing facility, which they earlier reopened as part of a financial rescue package for the Philippines, into dollar deposits with the Central Bank.

At the moment, about $1.8 billion of the facility is already deposited with the CB.

Sources in banking disclosed that a number of foreign banks, particularly European banks, have informed local banks that they were opting to close their trade credit lines with them.

As a result of this decision, local banks have to cough up more pesos. Under CB guidelines, local banks have to pay to the CB the peso equivalent of their trade credits that foreign banks convert into deposits with the CB.

Bankers said the commercial banking system at present has enough liquidity to cover such peso payments. Problems nevertheless may emerge if one particular local bank does not have ready cash to comply with the CB requirement for peso payments of the trade credits.

Bankers said local banks failed to use up all the credit lines which foreign banks reopened earlier. The foreign banks thus did not earn anything from these idle credit lines. By transfering the trade facility to the CB, in the form of dollar deposits, foreign banks are assured of interest earnings. CB interest payments on such dollar deposits however are lower than what foreign banks could earn if local banks could use the credit lines.

/6091
CSO: 4200/654

SEC CHAIRMAN CRITICIZES GOVERNMENT CAPITAL MARKET POLICIES

Manila BUSINESS DAY in English 16 Jan 86 p 2

[Article by Noel D. De Luna]

[Text]

Securities and Exchange Commission (SEC) chairman Manuel Abello, who was supposed to comment on the experience of Malaysia's capital market at yesterday's Asian Development Bank's (ADB) regional symposium on capital market development in the Asia-Pacific region, surprised the audience, composed mostly of foreigners, as he instead criticized the government for its shortcomings in developing the local capital market.

"I am addressing myself to my own country and I hope my government listens," he said in his speech.

He cited recommendations for reviving an ailing capital market, apologizing to his audience that his recommendations are not addressed to the other Southeast Asian countries.

ADB STUDY. The ADB recently came out with a study, entitled "Capital Market Development in Selected Developing Member Countries" (Indonesia, Korea, Philippines, Sri Lanka and Thailand), which serves as the basis for the current capital market symposium.

The study noted that the securities markets in the six ADB member countries have so far not been very significant sources of medium- and long-term investment funds as the governments of developing member countries (DMCs) have not recognized the important development role that a strong securities markets can play.

This, in turn, has led to the unbalanced development of these countries' capital markets and a hazardous overdependence on debt finance.

The ADB is now starting to realize that in order to achieve high rates of economic growth, developing countries have to develop their domestic capital markets.

This is necessary both to mobilize more domestic resources required to reduce these countries' investment/savings gap and to allocate their scarce capital resources to the most productive uses.

The new emphasis on equity markets, or the mobilization of domestic resources, arose out of the perceived shortage of foreign borrowings which are expected to decline further due to the lingering world debt crisis.

Abello argued that "both the issue and the problem in developing a domestic securities market is lack of confidence. While again the question of confidence is basically a factor of the stage of development of the economy of a country, we can more directly relate the problem of lack of confidence in a securities market to the issue of weaknesses in the securities market."

He said: "Fundamental weakness in the securities market would result from government policy to make the non-securities market more attractive than the securities market. For example, debt funding subsidized by the government would make it unnecessary and unprofitable for companies to go public for debt or even equity financing. Government policy would therefore have to be formulated on a balanced basis in order to encourage both the non-securities and securities capital markets."

BOARD. His major proposal calls for the establishment of a "capital market development board" composed of representatives of the government agencies regulating and supervising the capital markets as well as representatives of the private sector involved in the capital market to propose and pursue policies to be adopted by the government for the development of the non-securities and securities market.

The SEC, at present, is just a regulatory body without any policy-making powers. The revised Securities Act merely empowers the commission to regulate the corporate sector but does not authorize it to "develop" the capital markets — the source of financing of the corporate sector.

"We could very well propose that the securities regulation agency be given specific powers and duties to develop the securities market in implementation of the policies adopted by the government," he said.

The securities market can range from permanent capital, or equity, in the form of common shares, to term lending in the form of debt instruments such as bonds and debentures and equity instruments such as redeemable or convertible shares, to short-term money market debt instruments.

From the regulatory standpoint, Abello said adequate rules will have to be promulgated and implemented to govern the issuance of the various investment instruments and to provide safeguards for the protection of investors.

Another recommendation he raised deals with improving the supply of securities offered to the public to create a better market situation of supply and demand.

For the supply side, Abello suggested "what is peculiarly within the government's prerogative is the privatization of government-owned companies. Hence, the government may decide to sell stocks and bonds issued by selected public enterprises which are acceptable to the public because of their profitability and stability. To enhance acceptability to the public, the stocks and bonds should be listed in the stock exchange in order to provide liquidity. The proposal, therefore, is that government-owned companies issue stocks and bonds to the public and list the same in the stock exchange."

Furthermore, he believes that "privately-owned companies (should) be encouraged by the government to list not more than 30% of their shares in the stock exchange."

"Foreign-owned companies (should) be required by the government to list at least 10% of their shares in the stock exchange," he added.

For the demand side, aside from the profit motive which drives the investor to the market, he remarked that "'taxation on a favorable or at least a simple basis appears to be an additional incentive."

"Income from securities, whether from dividends or capital gains, should be taxed on the basis of fixed and final withholding tax," he suggested.

TAX PARITY. He went a step further by suggesting that foreign portfolio investors "should be taxed at the same level as domestic investors." At the moment, foreign investors are taxed more heavily than local investors, thereby dampening their investment interest in the Philippines.

Finally Abello suggested that "the government and private pension/provident and other trust funds, as well as insurance companies, be required to invest fixed portions of their resources in the various securities markets, either directly or through an investment company established by the government."

/6091
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CENTRAL BANK EXPANDS OFFSHORE BANKING LICENSES

Manila BUSINESS DAY in English 20 Jan 86 p 3

[Article by Rigoberto D. Tiglao]

[Text]

The Central Bank has allowed offshore banking units (OBUs) operating in the country to handle the foreign exchange remittances of Filipino overseas workers and firms abroad as well as those of multinational companies, a move that marks a significant expansion of the OBUs' licenses since they were set up in 1977.

The OBUs' new license to handle the remittances is contained in CB Circular No. 1089 dated Jan. 6 which amended CB Circular No. 960. The new circular stipulates that OBUs are authorized "to pay to the designated persons or corporations in the Philippines, the peso equivalent of foreign exchange remittances of Filipino overseas workers or of Filipino or multinational companies, coursed through the OBUs' correspondent banks abroad."

Faced with the prospect of the OBUs cutting into their markets at a time when the banking environment is expected to become harsher, the Bankers Association of the Philippines (BAP) held an emergency meeting last week to draw up plans to pressure the CB into rescinding the circular.

The OBUs' licenses were previously limited to handling only foreign exchange transactions involved in booking overseas loans and foreign-currency loans for Philippine borrowers. Since they did not handle any pesos at all, OBUs' operations were strictly on an "offshore" basis, and they went about their business as if they were operating outside Philippine boundaries. The only expansion of their business licenses was authorized in 1982 when the CB gave them authority to handle the letters of credit (L/Cs) of the companies they are financing.

BAP WORRY. In last week's BAP meeting, the president of a commercial bank noted that the OBUs' new authority "practically means an offshore to onshore" transaction. What is worrying the BAP is the fact that the remittance business has become one of the commercial banks' major sources of income at present when the loans market is practically at a standstill. Banks are charging 2% to 6% on foreign remittances of Filipino workers abroad, estimated to have amounted to at least $550 million last year.

Commercial banks are apprehensive that with the OBUs' more sophisticated communication system, they will be able to pay the peso equivalent of foreign remittances faster than commercial banks can normally do, which would draw the market away from local banks.

Bankers claim that the CB's giving into the OBUs — which have been lobbying for expanded licenses for more than three years now — is a move by the Philippine government to appease the OBUs so they will be cooperative in the next round of rescheduling talks slated late this year.

Because of the country's debt crisis, OBUs' operations have practically stopped since they cannot extend fresh foreign currency loans to Philippine borrowers. Their activities in the past two years were limited to the formulation of the debt rescheduling package for the country. Because of this, OBUs have drastically retrenched their staff in the country, with foreign bankers saying that they now merely have skeletal "monitoring" offices.

The 24 OBUs operating in Manila are those of American Express International Banking Corp., Bank of Nova Scotia, Barclays Bank International, Banque Nationale de Paris, Chase Manhattan Bank, Crocker National Bank, European Asian Bank, Lloyds Bank International, Manufacturers Hanover Trust, First Interstate Bank of California, Bank of California, Bank of Tokyo, Banque Indosuez, International Bank of Singapore, Rainier National Bank, Security Pacific National Bank, Chemical Bank, Societe Generale, First National Bank of Chicago, Bankers Trust, Bank of Credit and Commerce International, Credit Lyonnais, Bank of Hawaii and First National Bank of Boston.

The OBUs make up the country's biggest foreign creditors, with a total local exposure of $4.3 billion, including $900 million in loans booked overseas.

/6091
CSO: 4200/654

PHILIPPINES

BUSINESS DAY ANALYZES CENTRAL BANK FUND RETRIEVAL

Manila BUSINESS DAY in English 21 Jan 86 p 3

[Article by Conrado R. Banal III]

[Text]

The Central Bank may be anticipating a faster increase in the prices of goods and a depreciation of the peso that can result from its huge fund releases last month.

Although it is well below the monetary ceilings imposed by the International Monetary Fund (IMF) in the government's 1985 economic program, the CB is still trying to retrieve part of the funds it has released.

Economists from both the CB and private banks agree that a sudden upturn in the CB's fund releases could be economically dangerous.

RELEASES. Last month, the CB let loose more than ₱7 billion into the system, with the government withdrawing some ₱3.3 billion from its deposits with the CB and the CB itself paying about ₱4 billion for the maturing government IOUs held by banks.

Those funds in effect were new money, and bankers are saying that, technically, the CB releases are bound to rekindle inflation and exert pressure on the peso's exchange rate against the dollar.

The CB actually started to extract funds out of the system early this month. Many in banking believed then that the CB's renewed assault on liquidity was a temporary measure. Since its avowed policy since mid-1985 is to stimulate economic activity by making more funds available to business, the CB, some bankers said, only intended to hit the end-1985 target set by the IMF for the so-called reserve money.

Serving as the basis of the total funding available in the system, reserve money should be below ₱38.4 billion by end-1985, according to the government's program committed to the IMF. CB figures for end-December indicated that this target was exceeded. Because of this, the CB had to bring down the reserve money level during the first week of January. The IMF-prescribed test period during which the reserve money level was to be measured was from Dec. 22 to Jan. 8. It was the reverve money average during this period that the IMF wanted to be below ₱38.4 billion.

But the IMF has already given the CB certain leeways in the reserve money targets. According to the new terms, the ceiling automatically moves up if the CB improves its international payments position. Sources in the CB said the country's balance of payments performance last year was beter than what was prescribed in the IMF program. The reserve money ceiling for end-1985 was therefore raised by about ₱1 billion, sources said.

Thus, even if the CB did not siphon off liquidity at the start of 1986, it could still have met the higher reserve money target.

MONEY FLOW. The flow of money from the banking system into the CB however still continues, and bankers said there is no indication that the CB wants to stop this trend.

Last week, the CB issued some ₱1 billion more of its own short-term IOUs — the CB bills. Outstanding CB bills as of last Friday amounted to ₱28 billion, up from ₱27 billion the other week and from ₱25 billion as of end-December.

Bankers said the CB is also borrowing heavily from banks through its other windows and is becoming stringent in giving out rediscounting loans.

The loan markets have so far not reacted to the CB's liquidity siphoning off measures. The interbank loan rates are still below 15% a year. Bankers said such low rates indicate that the banking system really has too much funds as a result of last month's fund releases from the CB.

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CSO: 4200/654

PHILIPPINES

CENTRAL BANK URGES MORE LOANS FOR SMALLER INDUSTRIES

HK040849 Manila METRO MANILA TIMES in English 1 Feb 86 pp 12, 11

[Text] The Central Bank [CB] is encouraging banks to lend more to small and medium industries (SMIS) at the expense of the farm sector.

Under the new rules, bankers said lendings to SMIS could correspondingly shrink the amount banks should set aside for lending to agricultural and agrarian reform borrowers under Presidential Decree 717.

Under the decree, 25 percent of the loanable funds of banks should be set aside for "agri-agra" lending.

The new CB rule, the sources said, made loans to SMIS deductible from the loanable funds of the banks.

With a smaller loan fund base on which to base the 25 percent, the amount that should be set aside for agri-agra lending is in effect reduced.

However, the sources welcomed this CB move, saying that the banks are not eager to risk too much in the countryside because lending to small farmers is risky and costly.

They explained that it costs practically the same amount to process a loan of P2,000 for a farmer and a loan of P1 million for SMIS.

The banks have not been lending directly to agri-agra clients at desired levels but have instead buying government securities. [as published]

The CB has allowed these banks to buy securities instead of directly lending to farmers in recognition of the problems lending to the countryside entails.

The CB in turn rechannels the funds raised from the sale of securities to banks to the rural areas.

The sources said the new emphasis on SMIS should be a big boost to small entrepreneurs who could also help generate employment and export earnings.

/12232
CSO: 4200/674

BUSINESS DAY REPORTS PRODUCTION VALUE INDEX DECLINE

HK311505 Manila BUSINESS DAY in English 31 Jan 86 p 2

["Economic Indicator" column: "Production Value Index Drops"]

[Text] The value of production index of key manufacturing enterprises declined 1.42 percent in November last year compared with the year ago level, latest data gathered from the National Economic and Development Authority (NEDA) showed.

NEDA conducts a monthly survey covering some 200 selected manufacturing firms which provides the basis for the derivation of various economic indices.

The production index is a gauge of the cost incurred by a manufacturing establishment in producting goods and services for a particular month in the present year compared to that in the base year. Generally, it only includes the cost of direct labor, raw materials and the manufacturing overhead.

Using 1981 as the base year, the value of production index decelerated 2.6 index points from 183.3 index points in 1984 to 180.7 index points last year.

The decline could be attributed to the lower production brought about by plant shutdowns, lack of raw materials and escalating operating costs.

The basic metals industry showed the most significant improvement of 54.80 percent in its value of production index among the manufacturing subsectors. From 158.2 index points in 1984, the industry increased its index to 244.9 index points last year.

On the other hand, sectors which reported reduced production levels were: beverage (3.12 percent); rubber products (12.38 percent); petroleum products (15.74 percent); wood and wood products (21.54 percent); wearing apparel (25.88 percent); non-metallic mineral products (27.99 percent); paper and paper products (32.36 percent); and electrical machinery (34.52 percent).

Index of Value of Production of Key Manufacturing Enterprises, by Industry

November 1984 - November 1985

(1981 equal to 100)

	1984		1985										
	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.
Manufacturing	183.3	178.4	168.4	166.1	174.6	178.4	181.2	166.4	165.8	172.0	167.8	185.5	180.7
a. Food	191.8	190.8	197.9	194.8	184.4	200.1	185.9	185.6	182.2	189.8	197.5	202.2	192.6
b. Beverage	250.0	281.8	266.7	229.0	251.1	261.9	265.5	245.0	221.9	226.0	224.3	219.8	242.2
c. Tobacco	205.5	227.6	259.4	233.0	267.8	229.4	259.0	238.4	271.2	280.0	263.3	282.9	271.2
d. Textile	137.1	108.7	128.0	135.2	148.2	81.7	106.3	131.1	161.2	152.9	162.9	164.3	161.9
e. Wearing apparel	169.6	197.6	139.6	97.5	103.4	108.9	116.2	110.8	140.7	143.9	143.5	139.2	125.7
f. Wood and wood products	111.9	98.9	94.7	111.9	107.0	114.4	109.1	107.6	96.4	92.2	79.6	86.0	87.8
g. Paper and paper products	229.6	209.6	126.3	161.8	140.5	183.9	128.5	122.0	119.9	121.0	146.9	134.3	155.3
h. Chemicals and chemical products	196.7	178.0	200.7	179.0	180.8	186.2	175.0	198.2	176.5	171.7	205.7	198.5	197.2
i. Rubber products	201.2	163.6	159.0	177.0	160.0	137.6	160.7	142.7	175.0	177.6	175.8	194.4	176.3
j. Petroleum products	192.5	192.3	122.6	126.0	139.5	168.7	181.7	129.8	123.4	130.8	89.0	173.4	162.2
k. Non-metallic mineral products	123.6	135.2	113.8	107.8	136.1	101.4	111.7	111.3	131.6	118.9	102.9	99.7	89.0
l. Basic metals	158.2	119.9	142.9	195.4	240.7	252.8	284.4	200.2	212.1	267.6	261.0	255.9	244.9
m. Transport equipment	26.5	11.2	25.8	26.6	41.7	34.2	35.9	35.6	40.5	44.2	33.0	35.3	36.3
n. Electrical machinery	171.8	122.5	114.1	134.7	140.9	107.0	128.6	108.8	121.3	125.4	123.5	131.1	112.5
o. Miscellaneous	276.5	250.0	634.3	532.1	545.7	531.0	498.7	515.0	534.2	465.3	438.4	406.7	403.3

Source of basic data: Monthly survey of key manufacturing enterprises Statistical Coordination Office, NEDA

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CSO: 4200/652

COMMERCIAL BANK RESOURCES GROW 4.4 PERCENT IN DEC 85

HK041003 Manila METRO MANILA TIMES in English 1 Feb 86 p 12

[Text] The Central Bank [CB] yesterday said the resources of the commercial banking system grew by P11.6 billion, or 4.4 percent, to P278 billion last December over the November 1985 level.

It also noted that the month's gains in assets reversed the contractions in assets posted in the months of October and November.

The hefty rise in assets was due to the bank's increased cash holdings, which grew from P59.8 billion in end November to P6.7 billion at year's end, or a 12 percent hike in only a month's time.

The P11.6 billion expansion represented three-fourths of the total increase in the assets of the entire banking industry.

About 69 percent of the increase in the resources of the commercial banks was due to an increase of P8 billion in deposits over the month-ago level. The 5.9 percent increase in deposits was absorbed by liquid assets, loans and other asset accounts.

Cash assets, loan protfolio and other asset accounts also rose by P7.2 billion, P1.6 billion and P4.3 billion, respectively. Investments declined by P1.5 billion or 8.4 percent.

At the same time, the CB said the consolidated assets of the country's seven operating savings and mortgage banks [SMB's] grew by P388 million or 6 percent during the 4th quarter of 1985 to reach P6.8 billion at the end of 1985.

The CB noted that the 4th quarter was characterized by a contraction in loans and investments and a resulting build-up in cash and other asset accounts.

This brought down the loan portfolio by P12 million and in investments by the banks by P9 million.

On the other hand, cash assets of the banks rose by P335 million or 42 percent, while other asset accounts increased by P74 million or 8.6 percent. As of the end of last year, cash and due from banks [as published] reached P1.132 billion while other assets amounted to P930 million.

The CB said additional deposits, largely domestic savings accounts, composed the bulk of the funds inflow during the priod. Proceeds from borrowings constituted another 14.5 percent.

As of end 1985, total deposits of SMB's stood at P5.62 billion while borrowings amounted to P338 million.

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CSO: 4200/674

ECONOMIC MINISTER ON JANUARY INFLATION RATE

HK050745 Manila BULLETIN TODAY in English 2 Feb 86 p 25

[Text] The inflation rate or the rate of increase in the prices of basic commodities during January will hit only between 5.7 percent to 6 percent, which is almost the same level as in December last year, Economic Planning Minister Vicente Valdepenas Jr said Friday night.

He said the expected slower increase in prices of basic commodities last month was due mainly to the recent reduction in the prices of petroleum products, like gasoline and diesel, and transport and electricity costs.

As a result of the reductions in prices of petroleum products transport and electricity costs, computations of the National Economic Development Authority [NEDA] have showed that the consumer price index has dropped by as low as 1.5 percentage points to as high as 3 percentage points, Valdepenas said.

This, he pointed out, has resulted in a much lower rate of increase in prices of basic commodities last January, he said.

Valdepenas said NEDA's computations did not take into account spending for the 7 February presidential elections which was placed at some P200 million to be incurred by the government.

Various business and consumer groups earlier expressed fears that election spending, if unregulated, can trigger inflation to soal to abnormal levels, especially after the elections.

These groups cited significant increases since December in the prices of pork, chicken, fish and other basic commodities.

Valdepenas said the government has enough instruments to use to curb inflation to manageable levels, as what was done in 1985.

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CSO: 4200/673

ECONOMIC ASSOCIATION PREDICTS LITTLE ECONOMIC GROWTH AT BEST

HK041427 Manila BULLETIN TODAY in English 3 Feb 86 p 24

[By J.C. Concepcion]

[Text] The country's economy will grow by 0 to 1.5 percent this year if the coming Presidential elections on 7 February are "clean and credible," the National Economic Protectionism Association [NEPA] said yesterday.

But if the elections are characterized by massive frauds which can trigger another capital flight and erosion of confidence in the economy, the gross national product can drop by as much as 3 percent, NEPA said.

Bernardo Villegas of the Center for Research and Communications also projected a zero to a very minimal 1 percent growth in 1986.

He contended that the continuing decline in industrial production will not be stopped in 1986 "whoever wins the forthcoming elections."

This projection, he said, is based on the fact that many companies are now operating at only 30 to 50 percent of their capacity because of a serious lack of consumer demand traced to a depressed purchasing power of consumers.

In case the opposition wins the elections, Villegas said there will be a temporary uncertainty as the new government will likely form its new cabinet.

But 1987 will witness the entry of fresh investments because of new perceptions and the resolution of the government's credibility problem.

Even with the most optimistic assumptions, NEPA projects that living standards of the people will deteriorate further.

With an annual population growth rate of 2.5 percent, gross national product will fall by a negative 1 percent to 2.5 percent if there are "credible" elections and increased confidence in the economy" and a negative 2.5 percent to 5.5 percent under conditions of "fraudulent elections and loss of confidence in the economy," NEPA said.

NEPA also predicted that inflation rates this year will range from 15 to 20 percent if there is only one election this year and if government deficit spending is controlled.

If the local elections scheduled in May goes through, inflation rates can move up from 20 to 30 percent, NEPA said.

In a worst-case scenario of massive capital flight in case elections are characterized by frauds, inflation rates can soar from 20 to 40 percent if there is only one election and from 30 to 60 percent if both elections are held, the NEPA also forecast.

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CSO: 4200/673

VIRATA ON NEED FOR DOLLAR-EARNING COTTAGE INDUSTRIES

HK041041 Manila BULLETIN TODAY in English 3 Feb 86 p 25

[Text] Kawit, Cavite, 2 February (PNA)--Prime Minister Cesar Virata underscored the need for the establishment of more cottage industries and export oriented enterprises in the regions whose export proudcts would help buoy up the country's dollar earnings.

Virata also cited the need for Filipino manufacturers to improve their respective production lines in order to meet foreign quotas on time and continue to evolve new and acceptable designs of their products while adhering to strict quality control.

Virata, concurrently finance minister, made these remarks during a "market encounter" in Region IV (southern Tagalog) held at Josephine's Restaurant in Kawit, Cavite.

He lauded the Ministry of Trade and Industry [MTI] for taking the initiative for conducting a series of working dialogues with small entrepreneurs in the region, particularly those engaged in cottage industries as part of its on-going export development and diversification program.

The government expects to generate some $5.5 billion in its foreign trade this year.

Virata observed that the $1.8 billion earned by traditional export products have been static in the past 10 to 15 years, with logs, copper, coconut and other traditional exports invariably suffering shortfalls in dollar earnings.

However, cottage industries have become the third major foreign exchange earner of the country.

The prime minister observed that popular handicrafts like wooden chairs, tables and lamps enjoy good foreign markets and that manufacturers should find ways and means to expand their operations.

Virata also assured enterprises desiring to operate in the export processing zone in Rosario, Cavite, that the government would assist them in setting up their buildings in the zone.

Those desiring to operate in the Cavite export processing zone would enjoy tax exemptions authorized under Presidential Decree 1955.

The decree, which took effect 15 October 1984 abolished tax exemptions previously enjoyed by private enterprises except those registered with the Board of Investments and the Export Processing Zone Authority.

Virata said that so far, the government has set up export processing zones in Bataan, Mactan, Baguio City, Pampanga and Cavite.

He said the zones should maximize production and always adhere to international standards of quality production as well to elegant designs that would cater to the needs of selective foreign buyers.

Regarding the processing of export documents, Virata said there is no longer a major problem since the MTI has adopted a one-stop system in facilitating them.

/12232
CSO: 4200/673

MARCOS SAYS GOVERNMENT MANAGING DEBT WELL

BK040755 Manila PNA in English 0657 GMT 4 Feb 86

[Text] Manila, 4 February (PNA)--President Ferdinand Marcos Tuesday said the Philippines has fared considerably better than most debtor countries in managing its debt problem.

This, the president said, is borne out by a thorough analysis of the world debt problem by a leading economist, Richard Mattione, in a recent article entitled "Managing World Debt: Past Lessons and Future Prospects," published in WORLD DEBT CRISIS (edited by Claudon, 1986).

According to the chief executive, the study looked into the relative contribution of so-called external shocks to the emergence of the debt problem, particularly the large debtor countries like Argentina, Brazil, Chile, Columbia, Mexico, Nigeria, the Philippines and Venezuela.

External shocks, Mattione observed, contributed greatly to the debt problems of less developed countries, referring to such factors as high real interest rates, low export demand and changes in the terms of trade, which are beyond the control of developing countries.

Mattione calculated that in the case of the Philippines, these external shocks would translate into a decline of minus 8.1 billion U.S.dollars, during the period 1979-82, in overall economic activity because of the combined impact of unfavorable terms of trade, 4.3 billion U.S. dollars; high real interest rates, 1.7 billion U.S.dollars and low export demand, 2.1 billion U.S.dollars.

The study noted that while Brazil experienced the most unfavorable external shocks (48.5 billion U.S. dollars), followed by Argentina (13.4 billion U.S. dollars), and the Philippines (8.1 billion U.S. dollars), it was the Philippines that suffered the most in terms of proportion to the gross domestic product or overall economic activity.

Mattione also calculated the impact of domestic adjustment policies on the developing countries' debt problem, calculating the change in the current account balance (consisting of net interest payments and the other non-financial current balance for the period).

The study suggests that if the change in the current account balance is smaller than the external shocks, it would indicate the debtor-country has managed, through sound domestic policies, to minimize the negative impact of unfavorable external shocks on the current account position.

In other words, through the introduction of timely and effective economic and fiscal policies, some developing debtor countries were able to moderate the effects of external factors on their domestic economies.

The study cited the case of the Philippines, which despite a negative 81 billion U.S. dollars impact of external shocks, was able to limit its current account change to only minus 4.4 billion U.S. dollars. [sentence as received]

The same study noted a lower level of capital flight in the Philippines as compared to other debtor-countries during the period covered by the analysis.

Capital flight in the Philippines as a result of the debt-crisis was estimated at 1.7 billion U.S. dollars compared to 14.3 billion U.S. dollars in Argentina, 15.2 billion U.S. dollars in Mexico and 13 billion U.S. dollars in Venezuela.

World bank economists have also cited the success of the Philippines in containing inflation, a good indication that the country's economic stabilization program has been generally effective, the president pointed out.

The president stressed the Philippines is regarded as one of the few countries of the 35 debt-ridden developing economies in the world that has successfully managed the inflation problem.

From a peak of 64 percent in October 1984, the country was able to bring down the inflation rate to only 3.6 percent in December 1985.

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CSO: 4200/675

MANILA TO RESTRUCTURE UK, AUSTRALIAN DEBTS

HK051528 Manila METRO MANILA TIMES in English 4 Feb 86 pp 10, 9

[Text] The Philippines will sign this afternoon restructuring agreements covering official debts owed to the United Kingdom and Australia under the Paris Club debt restructuring program.

The exchange of notes will be held at the Central Bank [CB]. The signing between the Philippines and UK will take place at 4 pm, while that between the Philippines and Australia, 4:30 pm.

Prime Minister Cesar Virata and CB Governor Jose B. Fernandez, Jr will sign the agreements on behalf of the Philippine Government and the Central Bank, respectively.

Ambassador to the Philippines Robin McLaren will sign on behalf of the British Government while Australian Ambassador to the Philippines Roy Fernandez will sign for the Australian Government.

The restructuring agreements will carry the same terms and conditions as those earlier concluded by the Philippines with other countries except for the interest rates on the rescheduled debt which is negotiated bilaterally.

The Philippines will only have to sign two remaining restructuring agreements to complete its official debt restructuring program.

The remaining debts to be restructured are those owed to Australia [as published] and the Netherlands.

Under the terms of the agreement reached between the Philippines and representatives of countries participating in the Paris Club restructuring program, payments of outstanding arrears as of 31 December 1984 and amortizations including principal and interests, falling due in 1985 and the first half of 1986 will be restructured over a period of 10 years, including a 5-year grace period.

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CSO: 4200/674

PHILIPPINES

CB GOVERNOR CITES CONFLICTING BALANCE OF PAYMENTS FIGURES

HK051532 Manila METRO MANILA TIMES in English 4 Feb 86 pp 10, 9

[By R. Perez]

[Text] Central Bank [CB] Governor Jose "Jobo" B. Fernandez, Jr made a booboo recently when he ticked off two conflicting figures on the country's 1985 balance of payments position his last in two speaking engagements in as many weeks.

The governor spoke before the Baquio Rotary Club on 24 January and again before the Financial Executives Institute of the Philippines [Finex] last week.

In his Baguio speech, Fernandez said: "The past year reflected a major strengthening of the balance of payments with the year ending with a small deficit of $26 million which contrasts with the 1984 deficit of $1.116 billion and the 1983 figure of $2.068 billion without counting the favorable impact of debt restructuring."

But in his Finex address, he said: "Over-all, based on statistics on actual foreign exchange transactions, the country's balance of payments [BOP] realized a surplus of $1.1 billion, or when taking into account adjustments for arrears and the impact of completed restructurings, the BOP yielded a surplus of $2.4 billion."

A CB official confirmed the mistake but shrugged it off as one of those oversights that could happen to any agency. He added that it had no effect on the economy at all.

But most likely, he said the correct figure was the one announced before Finex since the $26 million deficit mentioned in the Baguio speech referred actually to the current account, a component of the BOP.

The source said the Baguio speech was written in Baguio itself and finalized late in the night before it was to be delivered.

He added that the speech also passed through some CB officials who were knowledgeable about the figures but who missed it because they did not have the actual statistics with them at the time.

A CB spokesman said Jobo's speeches are normally put together with inputs from various CB people but the end product is Jobo's since the CB governor always reads through and refines them.

Curiously, it was a confident Jobo who read the wrong figures in Baguio with ease and fluidity and it was a groping Jobo before Finex who had to stop for about half a minute or so in the middle of his speech to look for a continuation.

Some CB officials who were interviewed by the BUSINESS TIMES appeared worried over what another booboo would make of CB's image.

Besides the international reserves and national government withdrawals, the CB's recent past was also stained by the issuance of 50-centavo coins carrying the wrongly spelt scientific name of a local eagle.

The case of the "Pithecobhaga Jefferyi" was Cb's most celebrated blunder.

It, too, was costly since the CB had to recall the coins and issue new ones with the right spelling: "Pithecophaga Jefferyi."

/12232
CSO: 4200/674

PHILIPPINES

ENERGY MINISTER: PETROLEUM PRICE CUT MEANS REVENUE LOSS

HK050256 Manila PHILIPPINE DAILY EXPRESS in English 4 Feb 86 p 10

[By Arleen C. Chipongian]

[Text] The government will lose some P1.3 billion in revenues this year because of the cut in the prices of petroleum products, Energy Minister Geronimo Z. Valesco said yesterday.

With the 70 centavos per liter cut in the prices of petroleum products, the government lost 12 centavos a liter or about P650 million in ad valorem taxes.

Customs duties collections of the government would likewise drop for a total decrease of P1.3 billion in government revenues in 1986.

The ad valorem and customs duties imposed on petroleum products like gasoline are adjusted to the local prices so that if the prices go down, these levies likewise decrease."

Last year, total tax collections from the oil sector reached P15.1 billion from P14.8 billion in 1984.

Velasco, meantime, assailed Philippine Chamber of Commerce and Industry (PCCI) President Aurelio Periquet Jr for issuing "misinformed" statements on gasoline prices.

For example, he denied the PCCI statement that "taxes on oil products are imposed on an absolute amount rather than as a percentage of actual product cost."

On the contrary, Velasco added, only the specific taxes are fixed while the ad valorem and customs duties are based on actual product price.

The energy minister said the PCCI position paper calling for a further reduction in prices of petroleum products and electricity rates showed that "Periquet has no knowledge whatsoever of the matter of which he speaks."

PCCI's call for a further cut in petroleum prices and electricity rates was based on the "price drop to $19 per barrel from $27 a barrel" could not possibly be done because it was based on the price of Brent crude oil from the North Sea, he said. Velasco said the Philippines does not buy this type of crude because the source is so far from the country "and transporting them here will only lead to higher costs."

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CSO: 4200/673

FOOD AUTHORITY TO BUY CORN TO BOOST STOCKS

HK050246 Manila PHILIPPINES DAILY EXPRESS in English 4 Feb 86 p 3

[Text] The National Food Authority [NFA] said yesterday it expects to buy 1 million tons of corn this month until April, or during the dry season crop harvest.

According to NFA Director Ramon de Jesus of the Domestic Marketing Office, this will boost further NFA's current stocks of 300,000 tons.

De Jesus said there is more than enough stocks of corn in the country, the bulk of which is held by the private sector.

The adequacy of corn supply in the country has led the government to decide against corn importations this year despite clamors from the private feedusers for such importations.

"If we allow the private sector to import this year, the imported stocks will compete with local production and thus discourage the farmers and private corn growers from producing this crop," de Jesus said.

De Jesus reported that the NFA is injecting corn in the market at the rate of only 1,000 tons daily as against last month's level of 2,500 tons.

This only shows, he said, that there is ample supply of the vital feedgrain in the country and that the private sector is holding much of the country's corn stocks.

Ever since the NFA lowered its selling price of yellow corn, private traders have been flushing out their stocks at prices much less than the government's.

The NFA last week lowered its selling prices of corn from P3.90 to P3.60 per kilo, or by 30 centavos, citing as reason the clamor of private feedusers for lower prices.

De Jesus, however, assured farmers that the government does not intend to reduce its support price for corn, which is now P2.90 a kilo, even if the government loses much money from its high buying prices.

This, he said, will ensure adequate profit margins for the farmers as well as force the corn buyers to up their buying prices so that farmers will earn from their crop.

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CSO: 4200/673

PHILIPPINES

U.S. COMPANIES CONTINUE LARGE INVESTMENT

HK070542 Manila TIMES JOURNAL in English 6 Feb 86 p 8

[By Corrie Salientes]

[Text] The Americans have remained the biggest investors in Philippines. American companies invested last year a total of P683.1 million in the form of paid up capital. The amount represents some 175 percent increase over the Americans' investments of only P241.952 million.

Securities and Exchange Commission (SEC) records show that the U.S. investors' capital contributions in domestic businesses last year was 46.2 percent of the total foreign investments of P1.477 billion during the year.

The Americans have been occupying the top slot in the past 4 years.

The Japanese were consistently the second biggest investors except in 1980 when their P94.759 million cpaital infusion surpassed U.S. equity contributions amounting to only P94.759 million.

Japanese investments in 1985 amounted to P597.6 million or 40.0 percent of the total foreign capital infused during the year.

The amount of capital infused by Japanese investors last year represents a 300 percent increase over year-ago investments of only P128.873 million.

Foreign investors preferred to engage more on the wholesale and retail industry where a total of 193 newly-established entities reflected foreign participation.

This was followed by the manufacturing industry with 125 newly-formed local firms having non-Filipino capital.

Among the existing corporations which received the bulk of additional foreign investments last year include Philippine Packing Corporation, Inc, which got a total of P150 million from its mother company, the Del Monte Banana Company.

Of the newly formed companies, Copper Animal Health (Phils) Inc received the largest foreign share of P5 million. However, an official of the SEC said the amount of investments Americans pumped into the country during the 4-year period "does not mean that they have been that confident in the Philippine business conditions."

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CSO: 4200/674

MNLF 'RENEGADE GROUP' AMBUSHES BUS; 7 DEAD, 38 HURT

HK180217 Manila PHILIPPINES DAILY EXPRESS in English 17 Jan 86 pp 1, 7

[By Roy Ramos]

[Text] Zamboanga City--Seven persons, including 2 soldiers, were killed and 38 others were wounded Thursday when a Zamboanga-bound bus was ambushed by armed men believed to belong to a renegade group of the Moro National Liberation Front (MNLF).

The 50 armed men, believed to that among the 7 fatalities were 2 soldiers and the bus driver. [sentence as received] The rest were passengers. Their identities were not immediately known.

The fatalities were brought to the nearby Ipil town in Zamboanga del Sur while some of the 38 wounded were brought to the Samboanga City General Hospital.

Magno directed airborne troops, being led by Awalon Kamlon, positioned themselves on both sides of the road and opened fire at the bus in barangay Ticpalay, this city. [as received]

The survivors said they were ordered to alight from the bus and lie on the ground face down while the armed men divested them of cash and valuables.

Brigadier General Jose Magno Jr, Regional Unified Command chief, said infantry men and militiamen to track down the armed men, believed to be the same group who kidnapped Bishop Federico Escalar of Ipil in the same spot early last year. [sentence as received] The area is also the site of many other ambushes in the past.

Mango also directed all military units to strengthen security in the area.

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CSO: 4200/651

REGION 11 CHIEF DISCUSSES NPA'S PROBLEMS IN MINDANAO

HK290747 Quezon City VERITAS in English 19 Jan 86 p 18

[By Carolyn O. Arguillas]

[Text] "Organizational problems" are plaguing the New People's Army in Mindanao, a high-ranking military officer said recently, adding that the number of NPA armed regulars is diminishing in the strife-torn island.

Region XI Regional Unified Command [RUC] chief Brig. Gen. Jaime Echeverria said in an interview with VERITAS that the dissident forces reached a peak of 3,000 last year, "but easily went down to 2,618 by year's end." Echeverria attributed the sharp decrease to "organizational problems," explaining that "it is not easy to hold an organization like that where the increase in membership is rapid."

The RUC chief said the number of armed regulars in the NPA totalled 665 in 1982; jumped to 1,255 in 1983; and more than doubled, to 2,684, in 1984. After membership peaked early last year, the NPA experienced a sharp decline in the number of armed troopers, he said.

The NPA is beset with "intrigues," Echeverria added, "The oldtimers are in conflict with the newcomers who are ambitious. Of course, the number of those who surrendered in 1985 is also a set back for them." The general said 110 NPAS were captured and 211 surrendered last year.

Admitting the army had more contacts (or encounters) with the NPA last year, Echeverria said this is not because the NPA has become more aggressive, but rather because the army initiated more patrols in 1985. In Region XI alone, Echeverria told VERITAS, there are nine battalions operating: two in Surigao Sur, one in Davao Sur; one in South Cotabato; two in Davao Norte and Oriental and three battalions deployed in Davao City.

While hoping for a better year in 1986, Echeverria maintained that these are "not normal days." He assessed the situation in 1985, thus: "Not very good but not very bad, either, adding that even as the number of armed regulars had tapered off; "There were less Welgas (Welgang Bayan) [strikes] and people moved about with more freedom."

Surigao del Sur, said Echeverria, is the most critical area. The peace-and-order situation deteriorated slightly in Davao Oriental, but the situation in Davao Del Norte improved. In the northern portion of Davao Del Sur, armed clashes were on the rise, but in the south, the situation remains stable. The entry of the communists in South Cotabato became more pronounced in 1985, he revealed.

Echeverria also acknowledged that the military was stepping up its "left-hand effort" through public information; direct medical, dental, civic action and minor activities by the units; and joint projects with the MPWH [Ministry of Public Work and Highways] and MLG [Ministry of Local Government] in building roads and schools.

Asked about the forthcoming presidential election, Echeverria said there are "sightings" of armed men in Davao Oriental and Davao Sur "but we're checking on these." He said that the stand of every man in the Armed Forces of the Philippines [AFP] is to see to it that the election is honest, orderly and peaceful. The NPA's plans to disrupt the election, he said, will be dealt with by the AFP.

As for the NDF's [National Democratic Front] projection in 1984 of "victory within 3 to 5 years," Echeverria said the level of insurgency is still on the first stage. "They cannot afford to go to the next stage. They will have to face us. Based on my experience, they will need much much more. I have not yet used all my forces and equipment. I have not yet used artillery, mortar, air strikes. I have so much yet to spare. I will not hesitate to use the equipment in the armory if I find the need for it."

Efforts by VERITAS to contact the NPAS for comment proved futile as of presstime.

/8918
CSO: 4200/653

PHILIPPINES

'ARMS GRABBERS' STRIKE IN BATAAN, PASAY CITY

HK210411 Manila BULLETIN TODAY in English 20 Jan 86 p 8

[By Efren P. Molina]

[Text] Balanga, Bataan--Twelve heavily armed men in fatigue uniforms raided the police station of Orion, Bataan, at 12:05 am Sunday, and took away six M-16 Armalite rifles, and several rounds of ammunition.

Also taken away by the intruders were two service revolvers, two radio transceiver sets, khaki and fatigue uniforms, and vital documents.

Before the raiders left on board a passenger jeepney, they disconnected the telephone lines. They were suspected to be subversive terrorists.

A constabulary report said the intruders carried out the raid in 10 minutes. The report said that the raiders struck while, Pat Benjamin Mariano, a companion of the night-shift duty officer, was out for personal necessity.

Pat Ediberto Fernandez, officer-in-charge of the night shift, reported that the raiders disguised themselves as Marine soldiers. Once inside, they looted the place of the firearms. No one was reported hurt.

Two teams of soldiers under Capt Sergio M. Alcubilla Jr., commanding officer of the 165th PC [Philippines Constabulary] Second District Company, and Lt Guerero, commanding officer of the 28th Marine Company, were dispatched to hunt the raiders. They immediately sealed off all possible exit points.

The raiders were believed to be the ones who also raided Barangay Roosevelt in Dinalupihan, Bataan, last Thursday, and disarmed seven Civilian Home Defense Force members of one Garand rifle and six carbines.

Armed men believed to be members of an urban guerrilla group struck anew yesterday morning in Pasay City.

The group, dubbed as "Agaw Armas" [Arms Grabbing] gang, however, failed to take away the service firearm of a security guard. The attempt took place at the old Manila International Airport [MIA] in Pasay at 1 am.

The security guard, identified as Nelson Derraco, 21, of the Tres Ninos Security Agency, suffered gunshot wounds in the chest.

Initial investigation showed that Derriaco, a resident of 2460 Alabastro Street, San Andres, Manila, was guarding LBC Air Cargo Office in the Columbia complex in the old MIA when he was fired upon by three unidentified men who arrived aboard a car.

The Ohree, who were armed with an Armalite rifle and handguns, fled when Derraco returned fire.

Last Wednesday, two armed men believed to a member of "Agaw Armas" shot and killed a security guard in Paranaque and made off with his service firearm.

The victim was identified as Daniel D. Vicente who was posted at the corner of Santos Avenue and Hernandes Street, B.B.F. Homes, Paranaque.

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CSO: 4200/653

NPA ATTACKS BUS, FIGHTS REBELLING VILLAGERS

HK220508 Manila BULLETIN TODAY in English 21 Jan 86 p 8

[By Tong Peo Rimando]

[Text] Pagadiar City--At least 15 persons were reported seriously wounded when a group of 30 heavily armed men believed to be members of the New People's Army (NPA) held up and burned a passenger bus Saturday afternoon in the outskirts of Sapang-Dalaga Town in Misamis Occidental.

The bus, a Lilian Express, was bound for Pagadian from Diplolog City when the incident occurred, barely 1 day after another bus of the same company was ambushed by dissidents in Tungawan Town, Zamboanga del Sur, resulting in the death of 8 passengers, including 2 soldiers, and the wounding of 30 others.

An unconfirmed report said an undetermined number of passengers, most of them women, drowned when they panicked and jumped into the nearby swollen Sapang-Dalaga River.

The report said the bus was negotiating a sharp uphill curve after the municipal cemetery, five kilometers from the town proper when the rebels, most of them wearing fatigue uniforms stopped the vehicle.

The armed men divested the passengers of cash and valuables amounting to about P100,000.

They then set the P500,000 worth vehicle on fire, forcing the passengers to jump out from the bus.

The armed men then fled to a nearby forested area where pursuing policemen lost them.

Meanwhile, mountain villagers of Barangay Titay, Diplahan, Zamboanga del Sur, reportedly attacked NPA members, beheading one of them and wounding four others.

The rebels were collecting the residents' monthly taxes imposed by the NPA, it was reported. The taxes were in the form of money and food contributions.

Col Ernesto Maderazo, 3d Army Infantry Brigade commander, said the incident, reported by Barangay Councilman Vicente Tingkian, scared the rebels that they finally left the village and stopped abusing the residents.

Maderazo said the five rebels went to Barangay Titay last week to collect the people's contribution. The residents, led by several young men, decided to attack the NPA collectors.

The villagers, armed with bolos and stones, ganged up on the dissidents as they were about to move out from the Barangay.

Some of the men caught up with one of the dissidents, hacked him to death and cut off his head.

The other rebels were hit by stones pelted by pursuing residents.

/8918
CSO: 4200/653

MILITARIZATION OF REMOTE AREAS ASSAILED

HK300726 Quezon City WE FORUM in English 21-27 Jan 86 p 8

[By Nora O. Gamolo]

[Text] In less than 3 weeks, on 7 February, the people are supposed to have influenced, through their votes or their refusal to vote the character of Philippine politics for the next few months. On the road to that historic moment, both sides will have subjected many a political and economic issue to the twists and turns of logic in debates and campaign speeches. But this far into the campaign, there remains, however, one crucial issue that has disturbingly been left untouched by either side--that of the fate on election day, of thousands of Filipinos now living in areas subjected to hamletting, food blockades (or "resource control," as the military terms it) or other sustained military operations.

These issues more recently came to the fore anew in mid-1985 with much publicized reports of military operations conducted in northern Mindanao, particularly in the provinces of Misamis Oriental and Occidental.

In Misamis Oriental, hardest hit was the inland mountain town of Claveria, some 60 kilometers east of Cagayan de Oro. From 17 to 24 June, [word indistinct] of the Philippine Army Second Scout Ranger Battalion beefed up by CHDFS [Civilian Home Defense Force] and armed fanatic cultists (Tadtads) poured into nine barangays of Clareria, namely Pelaez, Luna, Tipolohon, Bulahan, Parmbugas, Empakibil, Mati, Apuskahoy and Madaguing.

The military campaign in Vlaveria and neighboring towns was trumpeted in the media as a success, with reports of "47 NPA terrorists killed" and 2 rebel camps captured." One other significant aspect of the campaign, however, is the trail of artillery and mortar bombings, burning of houses, lootings, arbitrary arrests, tortures and summary executions of civilians left behind by the soldiers.

According to the report of the fact-finding mission conducted in Claveria from 3 to 4 July by the Human Rights Committee of the Integrated Bar of the Philippines and other religious and cause-oriented groups, at least 10 people were "salvaged," 7 went missing and 39 houses burned after the week-long military campaign (which was temporarily halted on 24 June, but continued on a less conspicuous scale later.)

On 19 June, 30 families in Barangay Mati lost their homes when irate soldiers put their dwellings to the torch, said the report. Antonio Jabao, a tomato grower, found his P35,000 house reduced to ashes, his two sprayers and his stock of newly harvested tomatoes either lost in the fire or taken away. In Sitio Dalas of the same barangay, the only structure spared from the fire was the village chapel. All the 15 houses were razed. At least 18 persons were apprehended, 10 of them tortured.

In Barangay Luna, brothers Marcelino and Adolfo Geri, both married and both evacuees from Barangay Mati, were arrested in full view of their wives and other witnesses on 21 June. The two were brought to an army camp in Luna, where they were tortured. From the camp, their wives said, the two men's cries for help could be heard. The next day, the wife of the younger Geri asked to see her husband. She had been shooed away the day before at gunpoint. But this time, she was told curtly that the two brothers had already been released. They have not been heard from since, and are presumed to have been salvaged.

In the same barrio, on 19 June, a 6-month-old infant, Janet Eubido, died, her body mangled beyond recognition when a soldier clambered up to her parents' house and sprayed mother and child with M-16 bullets. Janet's mother, who was then nursing her baby, luckily survived, albeit with both her arms wounded. Azucena Hingpit, a 4-year-old, also died from the shelling and strafing that same day.

The military operations left Barangay Mati a semi-deserted area, said the report. Furthermore, it was learned that the barangay was hamletted, with residents allowed to leave their homes at the centro only from 7 am to 4 pm. Routine checks of houses were being conducted to see to it that this regulation was being followed.

In Barangay Pelaez, home of slain peasant leader Jose Fabro, village elders who had sought to intercede with the soldiers on behalf of the barrio residents, were instead bawled out and taken hostage for 2 hours. The village fold had all flocked to the barangay poblacion as "a measure of collective safety," said the report, but they were threatened at gunpoint.

The troopers arrested five residents and mauled them. Three houses were burned, including two which belonged to the late Fabro. Not satisfied with reducing the dead man's properties to ashes, the soldiers further jumped on his grave, tore the protest streamers that guarded it, and raked the tomb with automatic fire, the report said.

Two artillery bombs hit the vicinity of the barangay. A smoke bomb hit the barangay center itself and engulfed the area with thick black smoke for 15 minutes, residents recalled.

In Barangay Tipolohon, six barrio folk were "salvaged"--the highest number of civilian casualties reported.

The grim stories varied only in intensity throughout the nine barangays visited by the fact-finding mission.

In Misamis Occidental, a similar troop saturation campaign was also begun in mid-1985. Troopers from Task Force Cobra, the name sported by elements from the 9th, 18th and 51st Infantry Battalions, poured into the province.

Gruesome cases of "salvaging," arrests, rape and torture have been reported. The people of many militarized villages in the two Misamis provinces are groaning under the food blockades now being enforced by the military.

Under this policy, families in hamletted areas are allowed only a maximum of 5 kilos of rice a week. Anyone who buys more than this amount is automatically presumed to be either a rebel or a rebel supporter.

As in hamletted areas in other provinces, a dusk-to-dawn curfew has been i
Farmers leaving their huts before sunrise or after sundown are in danger of b
tagged as NPA rebels and summarily killed.

The military operations have, in effect, resulted in a state of siege in the affected barangays.

Whenever approached for comments about this, however, military spokesmen always claim that bombings, strafings, shelling or other such operations are not intended against civilian centers, but against suspected rebel strongholds.

But what of food blockades? The rationale for this practice derives from the military's belief that an entire locality, such as Claveria, is a "solid NPA base." Logically then, due to the difficulty and risks entailed in trying to reach actual rebel camps usually located in interior areas, the military, instead, turns its attention to a more accessible target--the NPA's civilian mass base. Thus, the term "base denial," for operations meant to starve the rebels into submission, to separate the guerrillas from their "sea of mass support."

A key element, necessarily, in such an operation, is "psychological warfare." Military tacticians would erode whatever positive influence the NPA rebels may have over the population by seeking, for example, to strike a contrast between the non-uniformed, "poorly armed, ragtag" rebel army, and the massive contingents of regular, well-trained military elements armed to the teeth.

Reports indicated that the battalion-size forces that saturated Claveria had with them heligunships, chaimite tanks, howitzers and mortars. Many soldiers did not sport nameplates, and their movements were usually accompanied by the roar of heligunships, the rumbling of tanks, and the thuds of artillery and mortar fire--thus, an affinity between the soldiers and their power over life and death was easily established in the people's minds.

That the veracity of reports in dailies of "subversive terrorists" being killed or that "rebel camps were captured" have been doubted by many informed readers, including some junior AFP [Armed Forces of the Philippines] officers, is again worth noting. Sources point out, for example, that the soldiers rarely ventured beyond 200 meters from the barangay roads during their operations. Most of the houses burned on 19 June in Barangay Mati were by the roadside, hardly the place where NPA guerrillas would be staying. This being the case, it would not be surprising for the NPA casualty reports to be exaggerated, at the very least. The military operation would then emerge as mainly intended not so much directly at the NPA, as against the civilians, the "mass base."

Apart from a military show of force, enforcing the added measure of a food blockade against the population would thus result in a situation wherein the residents of a locality feel themselves totally under the control of the military, their very means of life support possibly subject to the former's whims and caprices.

In such a case, the desired effect is not only to "starve out" the rebels, but perhaps more importantly, to smash the "mass base's" confidence in the guerrillas' ability to fight the soldiers and drive them away. The result, it is hoped, would be a loss of faith in the "revolutionary cause." Thus rendered hopeless both through terror and isolation, the population is rendered more receptive (or susceptible) this time, to government propaganda. The ritual of mass surrenders usually follows.

That this practice is generally sanctioned by the military top brass was confirmed by no less than Lieutenant General Fidel Ramos, who, in a recent forum, said that such operations were not banned (although he expressed the opinion that these should be practiced only on a "selective basis.")

Nonetheless, the implications of such ongoing military operations are staggering, especially in the light of the current electoral campaign. If elections are occasions for the full flowering of a "free market of ideas," and for expressing the people's sovereign will, either through boycott or participation, can such a choice be freely made by the thousands of residents in far-flung villages who now live under the watchful eyes of the military and its informers?

Candidates all too often address themselves mainly to the concerns of the more urbanized city and town residents, who easily comprise a more vocal and articulate electorate precisely because they live in conditions of relative freedom. But what of those who live outside the reach of the electronic and print media, whose homes could only be reached through dusty, winding roads or rugged mountain trails, and whose very sustenance is subject to military control?

On 7 February, will their sovereign will be heard, with the din of mortar and artillery fire fresh in their minds? Can elections serve as a democratic exercise under threats of more stringent "resource control?" Indeed, in such places scattered all over the Philippines, conditions are ripe for mass political blackmail, and the election returns from these areas cannot be dubious, impinging on the legitimacy of the overall election result.

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CSO: 4200/651

NPA ACTIVITIES IN NORTHERN LUZON REPORTED

HK231003 Manila TIMES JOURNAL in English 22 Jan 86 pp 1, 4

[Text] About six New People's Army guerrillas raided the town hall of Pinukpok, Kalinga-Apayao, and burned the post office, health center and municipal court room there last Sunday, the PC [Philippine Constabulary] Regional Command in Cagayan Valley reported to Camp Crame yesterday.

The raiders, who struck at around 6 am, shot and wounded an unidentified resident and divested a policeman of his M-16 Armalite rifle, the sketchy report said.

The PC Recom [Regional Command] 2 said some of the rebels may have been killed or wounded when the police traded shots with them forcing them to flee with their casualties.

Sources in the military said the raid was evidently part of the rebels' efforts to sow terror during the campaign period and on election day in the region where, according to the PC-INP [Philippine Constabulary-Integrated National Police], there are some critical areas.

Earlier, another NPA band attacked and looted the town hall of Hingyon in Ifugao.

The raiders took from the town hall six typewriters, other office equipment and supplies, some personal belongings of policemen and government documents. No policemen were around at the time.

A report from PC Recom 2 said the policemen had gone to Barangay Piwong where they spent the night at the Evangelist church there.

Why the policemen abandoned the town hall, though, was not immediately known.

Meanwhile, TIMES JOURNAL correspondent Raffy Viray reported that the Battan PC Command arrested the 2 policemen who were on duty when 12 suspected NPA rebels raided the armory of the Orion police station early Sunday morning.

Five other policemen who were also supposed to be on duty during the raid but were absent for unknown reasons are being investigated.

The 2 said that they did not resist for fear of their lives when the raiders took from the policy armory 6 Armalite rifles, 2 .38 caliber revolvers, and about 100 bullets, 5 sets of military uniforms, 2 radio transceiver sets and classified documents.

Other insurgency-related incidents over the past few days:

Armed men believed to be NPA's looted and then burned the house of a Civilian Home Defense Force [CHDF] member in Barangay Bacagan, Baggao, Cagayan. The armed men had earlier tried to persuade CHDF Wilson C. Macanang to surrender to them his gun. The militiaman shot it out with them, however. Macanang was later forced to flee to the 120th PC Company headquarters.

Barangay Captain Alejandro Abutog of Ylayan, Villareal, Western Samar, was shot dead by suspected NPAs when he allegedly refused to obey the gunmen's order that he should refrain from putting up a campaign poster of President Marcos and his running mate, MP Arturo Tolentino.

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CSO: 4200/651

MILITARY UPGRADING ANTI-GUERRILLA SCOUT RANGERS

HK231027 Manila BUSINESS DAY in English 22 Jan 86 p 22

[Text] The military is beefing up its Scout Ranger special elite force and is developing Fort Capinpin in the outskirts of Metro Manila as a big training base for guerrilla warfare, it was learned yesterday.

Brig Gen Felix Brawner, armed forces deputy chief of staff for operations (J-2) and commanding general of the 1st Scout Ranger Regiment (1st SRR) said two more battalions are programmed to be organized this year.

The two battalions, consisting of four Scout Ranger companies, each with about 150 men, will increase the present complement of four battalions each with three companies, including command and service support elements.

The disclosure came on the heels of a directive issued by armed forces chief of staff Gen Fabian C. Ver ordering compulsory Scout Ranger training to all infantrymen before their deployment.

The regular elite force, however, will be the 1st SRR, born in 1950, deactivated in 1957 and reactivated on 1983, 3 years after General Ver took the helm of the Armed Forces.

The reactivation came in the face of increased activities of the New People's Army (NPA), military arm of the banned Communist Party of the Philippines (CPP), in the countryside.

It is best, however, to limit the 1st Scout Ranger Regiment to 16 Ranger companies forming about 6 to 7 battalions, including support elements, according to the military.

Basic Scout Ranger training consists 12 weeks of uninterrupted special courses in guerrilla and anti-guerrilla operations, sniping and anti-sniping, insurgent tactics, urban guerrilla operations and waterborne and heliborne operations, including an extremely risky actual combat operation in preselected hostile territory.

During the 30th 1st SRR anniversary on January 18, General Ver ordered the promotion of four regular Ranger elements and the enlistment into the regular force of 18 trainees for their feat in combat.

The men, comprising 3 teams, engaged a battalion-size NPA group on January 9 in Maco, Davao del Sur, killing 21 on the enemy side and recovering 12 high-powered firearms.

Military authorities said that upon completion of the current program, it is envisioned that the 12 regional commands throughout the country will have one Ranger company each.

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CSO: 4200/652

ARMED MEN SEIZE POLICE WEAPONS IN ALBAY PROVINCE

OW281048 Tokyo KYODO in English 1039 GMT 28 Jan 86

[Text] Manila, Jan 28, KYODO--About 40 armed men raided a police station and seized police weapons in Camali, Albay Province, 320 kilometers southeast of the Philippines capitol Tuesday, the state-run Philippine news agency reported.

The raiders are believed to be members of the New People's Army, military arm of the banned Philippine Communist Party, the report said.

The report, quoting Albay Provincial Military Commander Col Cesar Averilla, said the five on-duty policemen did not resist the guerrillas.

The guerrillas made off with nine U.S.-made M-16 assault rifles from the police armory without firing a shot in what was believed to be part of a systematic "agaw-armas" (arms seizure) operation by rebels in the area.

Meanwhile, all the policemen in seven towns in Bataan Province, 50 kilometers west of Manila, had their long firearms confiscated by the commander of a special military task force in the province because of their "alleged apathy" in fighting the rebels, according to the NPA.

Col Lorenzo Mateo said intelligence reports indicated the NPA was set to raid the police stations in another arms seizure operation in the seven towns. Several high-powered rifles had already been seized by the NPA in the past week.

The 15,000-strong NPA has been fighting the government of President Ferdinand Marcos for the past 16 years and has established operational guerrilla zones in 59 of the country's 74 provinces. These depend mainly on local sources of arms and ammunition, including purchases from members of the Philippine Armed Forces.

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CSO: 4200/653

POLICE DISARMED OVER RELUCTANCE TO FIGHT TERRORISTS

HK300600 Manila BULLETIN TODAY in English 29 Jan 86 p 16

[Text] Camp Olivas--All policemen in seven Bataan towns have been disarmed of their long firearms by the constabulary because of their alleged apathy in fighting communist terrorists in their respective jurisdiction.

Col Lorenzo Mateo, commander of the PC [Philippine Constabulary] task force Mt Samat said that he ordered the disarming of the members of the police stations in the towns of Abucay, Samal, Hermosa, Pilar, Morong, and Limay last week also because of intelligence reports that members of the New People's Army (NPA) "Agaw Armas" bands were set to raid those police stations.

Mateo said that he instead detained Marine, Constabulary and Army troopers in the seven towns to prevent any terrorist attack.

The other police stations in Bataan whose members retained their long firearms were Dinalupihan, Orani, Mariveles, Bagac and Balanga. Recalled from the seven police stations were mostly M-16 armalite rifles and some automatic carbines.

Mateo said that he was taking precautionary measures in recalling the long firearms to prevent being taken by NPA rebel.

Mateo recalled that NPA rebels raided the headquarters of the Civilian Home Defense Force (CHDF) in Barangay Roosevelt, Dinalupihan, Bataan, recently and seized seven armalite rifles from its member last week.

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CSO: 4200/653

ALLEGED NPA MEMBER KILLED IN MALOLOS GUN BATTLE

HK030845 Manila BULLETIN TODAY in English 1 Feb 86 p 8

[By Bert Padilla]

[Text] Malolos, Bulacan--An alleged member of the New People's Army (NPA) was killed and four others were captured, while a Constabulary soldier was wounded in a gun battle at about 5:30 am yesterday in Barangay San Pablo, this town.

The identities of the slain rebel and the four who were captured were not immediately known.

The wounded PC [Philippine Constabulary] soldier was identified as C1C [Constable First Class] Antonio del Rosario. He was hit by a grenade shrapnel in the right thigh.

The government troopers seized subversive materials from the rebels during a raid in their safehouses in Barangay San Pablo.

The rebels and the soldiers clashed when a team of soldiers from the PC from central command here and the 171st PC company conducted raids in suspected rebels' lairs in Barangay San Pablo, Dakila, and Tikay, on orders of Lt Col Cesar I. Alvarez, PC-INP [Integrated National Police] chief of Bulacan.

Capt Rolando Lorenzo, 171st PC company commander, said that when his team approached a house where some NPA suspects were believed hiding, a grenade was hurled at the soldiers, hitting Del Rosario.

Before the rebels escaped, they fired at the soldiers.

About 20 persons, including two women, were picked up by the soldiers for questioning. Their names were withheld by the PC, pending the results of the investigation.

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CSO: 4200/653

PHILIPPINES

LARGE NPA FORCES REPORTEDLY SEEN IN MINDANAO

BK040743 Manila PNA in English 0708 GMT 4 Feb 86

[Text] Davao City, Philippines, 4 February (PNA)--Military authorities Tuesday reported sightings of big numbers of fully armed communist New People's Army (NPA) dissidents in at least three provinces in Mindanao.

Colonel Romeo Ecina, constabularly commander, said however, the dissidents had not engaged yet in any terrorist activity since January.

"The NPA's appear to be consolidating and preparing for mass action," Recina said, adding the mass action could mean raids, attacks, ambuscades or a campaign of terror to disrupt the 7 February presidential election.

Recina also gave a list of 157 villages in 40 towns considered to be "hot spots" in the region, these are found in Davao Del Sur, Davao Oriental, South Cotabato and Surigao Del Sur.

The heavy concentration of New People's Army (NPA) rebels was monitored in Davao Del Norte, Davao Del Sur and Surigao Del Sur where the underground Communist Party of the Philippines (CPP) is expected to create an atmosphere of fear to coerce the people not to vote during the 7 February election.

Brigadier General Jaime Echeverria, regional unified commander, said the CPP is currently "oiling its propaganda machinery to agitate the people for massive protest actions."

Streamers and leaflets in the countryside are now being circulated by communist cadres to boycott the election.

In the urban centers, cadres were reported to have been conducting house-to-house compaign to warn the people against extreme violence if they will vote in the election.

Recina said Army and Marine units had reinforced his troops to ensure the orderly conduct of balloting.

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CSO: 4200/675

ALLEGED COMMUNISTS LITERALLY PAINT NEGROS TOWN RED

HK041321 Hong Kong AFP in English 1257 GMT 4 Feb 86

[Text] Victorias, Philippines, 4 February (AFP)--Alleged members of a communist-led underground labor organization today literally painted this Central Philippine town red, the military said.

Suspected members of the revolutionary trade union organisation, supported by 15 armed communist guerrillas, scrawled slogans on buildings with red paint, and hoisted a communist flag on the flagpole of a school near the town, the military said.

It took civil officials and soldiers half the day to get the flag down, because the protesters had cut the cord used to hoist it.

Fire hoses were eventually used to bring down the flag, although the schoolyard was flooded in the process.

The organization is under the umbrella of the underground National Democratic Front, which also includes the banned Communist Party of the Philippines and its military wing, the 15,000-strong New People's Army (NPA).

Negros del Norte Provincial Governor Colonel Fransicso Agudon said troops had cornered four suspected NPA guerrillas in Victorias today, but that they had escaped.

Further south in Bacolod, NPA leaders said today they had seized 25 weapons from the military, the paramilitary Civilian Home Defence Forces (CHDF) and major landowners in the area in the past 10 days.

And the paramilitary Philippine Constabulary in Bacolod said two sugar warehouses in the nearby town of Murcia had been burned down at dawn today by armed men suspected to be NPA members.

One of the warehouses was owned by MP Alfredo Maranon, a member of the Philippines' ruling New Society Movement (KLB), while the other was the property of the owner of a big plantation.

At least 19 people, mostly policemen and soldiers, have been killed in stepped-up insurgent activities in the past week on this depressed island of Negros, the center of the country's troubled sugar industry.

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CSO: 4200/675

NEGROS PLANTERS FACE RAIDS BY SUSPECTED NPA BANDS

HK070715 Manila TIMES JOURNAL in English 6 Feb 86 pp 1, 4

[By Satch Conta]

[Text] Bacolod--A rash of farm raids and burning of warehouses by suspected New People's Army rebels in the past few days have prompted planters in the Negros provinces to ask military authorities to step up their anti-insurgency drive.

The armed bands had raided three Murcia farms and burned three warehouses starting Saturday night. They also hauled away food and radio handsets before setting fire to tractors and other farm equipment.

Another sugar farm owned by a lawyer was raided Tuesday last week in Barangay Granada Bacolod.

Tuesday night this week, armed men raided Hacienda La Roca in Murcia owned by one Par Alba.

Three farm workers of Hacienda La Roca, armed with shotguns, were overpowered by some 30 raiders who took their guns and ambushed Murcia policemen when Hacienda workers had called by radio for help.

The policemen fought back and killed one of the rebels who was armed with a Spring field rifle, according to reports.

Also raided were the Arguelles farm last Saturday, Hacienda Alma owned by MP Alfredo Maranon on Sunday and Hacienda La Purisima Concepcion owned by Enrique Rojas on Monday night. All are located in Murcia town 15 kilometers from this city.

The raiders took high-powered firearms and sacks of rice before destroying warehouses where fertilizer and farm equipment were stored.

Rojas, executive vice president of the National Federation of Sugar Cane Planters, told reporters that the armed men who raided his farm demanded to see his bookkeeper and asked him and the farm overseer how the workers were being treated by Rojas. The two said the workers were attended to properly. They were told to go home by the armed men who then set Rojas warehouse on fire, destorying fertilizer and equipment worth P10,000.

The armed men took 30 sacks of rice from the Aguelles farm and burned a tractor in the Maranon farm.

Maranon and Rojas are known Marcos supporters and close to Negros del Norte Governor Armando Gustilo.

Meanwhile, belated reports said that in the raid on the farm in Barangay Granada last week, about 60 armed men carried off 200 gamecocks, eggs, rice and fertilizer.

Leon Moya, owner of the farm, told military authorities that it was the third time his farm was raided by armed men.

Panicky sugar planters appealed to military authorities to step up their drive against the NPA raiders.

However, other sugar planters said the raids could have been conducted by bandits masquerading as NPAS.

/12232
CSO: 4200/674

VILLAGE RESIDENTS FEAR REBEL ATTACKS

HK070729 Manila BULLETIN TODAY in English 6 Feb 86 p 8

[By Casiano Navarro Jr]

[Text] Cagayan De Oro City--More than 2,000 persons were reported today to have fled from three farming villages in Opol, Misamis Oriental, for fear that rebels might attack their communities any time.

Brigadier General Mariano Adalem, 3/4 Army Brigade commander, said the evacuation from Barangay Tingalan, Bagocboc, and Langkaon, all in Opol Town, was sparked by the escape of a teenage farmer from captivity by the New People's Army last Sunday.

He said that although only about 300 evacuees have sought sanctuary at the ABC social hall in Opol Town, others are now staying with their repsective relatives elsewhere.

Adalem said the escaped captive identified only as the grandson of one Eulalio Papin, 76, of barangay Bagoqboc, told military probers that while still under rebel detention, he was repeatedly warned that his relatives will be harmed or killed should he slip out.

Upon reaching home Sunday, the escapee allegedly told the village folk about his "horrible" experiences at the hands of his abductors.

Adalem said the victim claimed to have witnessed the execution by the rebels of at least 30 persons, including his own father, Daniel Macaranas, and uncle, Agustin Macaranas.

/12232
CSO: 4200/673

BRIEFS

OPPOSITIONIST CANOY ON ELECTIONS--Ruben Canoy, presidential candidate of the Social Democratic Party, has warned the opposition against promoting a climate of fear and issuing inflammatory statements. Canoy, who quit the government in 1976 and got elected to the interim Batasang Pambansa in 1978, disclosed his views on the coming election. He said he bewailed the Unido's [United Nationalist Democratic Organization] call to the people to resort to mass action and violence if they are cheated in the election. He warned that if there is disorder on 7 February and the following days, he would think that the military will be justified in taking action. While Canoy remained critical of the administration of Mr Marcos, he also expressed doubt over Mrs Aquino's capability to run the government. ["R.V. Monitors Snap Election" sponsored by the Philippine-American Democratic Foundation] [Text] [Manila Radio Veritas in English 2255 GMT 4 Feb 86 HK] /12232

SULU OFFICIAL ON SABAH CLAIM--A ranking member of the Sultanate of Sulu denied that there was a secret deal between the Philippine Government and Malaysia on the Philippine claim to Sabah. Abraham Rasul, prime minister and Wazir of the Sulu Sultanate and son of the first Muslim Senator, J.P. (Butu), said he believes Malaysia would not stoop that low and have a secret agreement with President Marcos. The denial came on the heels of reports that the Philippine Government had made a secret deal with Malaysia on the Sabah claim. He said the Sabah claim has been partially resolved through diplomatic (conference) between the two nations and should not be destroyed [as heard]. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 5 Feb 86 HK] /12232

VER DENIES ACTION--General Fabian C. Ver Armed Forces chief of staff, yesterday belied reports that he has taken action against members of the military reform movement in connection with their Kamalayan '86 clean election campaign project. In a press statement, Ver emphasized that the AFP [Armed Forces of the Philippines] has committed all its resources to support the Commission on Election in the maintenance of honest, orderly, peaceful and clean election. "In this regard, a series of command directives have been issued prescribing the roles and responsibilities of unit commanders, enjoining military and paramilitary personnel to observe strict neutrality during the election and to ensure the sanctity of the ballot, and directing the conduct of seminars for all troops on the provisions of the election laws," Ver said in a press statement. [Text] [Manila BUSINESS DAY in English 6 Feb 86 p 18 HK] /12232

DEMONSTRATION AGAINST LUGAR DELEGATION--A demonstration took place this morning in front of the Manila Hotel. The Philippine News Agency reported that about 400 placard-bearing youths picketed the gates of the hotel while American Senator Richard Lugar was conducting a press briefing inside. The demonstrators displayed indignation slogans against American imperialism and intervention. They shouted in protest and hurled (invectives) as Lugar's caravan left the hotel gates going to the Manila International Airport. The demonstrators later dispersed peacefully. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 10 Feb 86 HK] /12232

NPA VIOLENCE, ARSON--New People's Army guerrillas burned a college building in Cagayan and raided the municipal building and a police station in Samar as they stepped up a terror campaign aimed at disrupting the February 7 elections. Also in Cagayan, NPA dissidents held as hostage 11 civilians in (Kalapangan-lesam) and asked them to compel their relatives in the armed forces to resign from the service before the victims were released. Meanwhile, in Zamboanga del Sur, at least seven persons, including three soldiers were killed, while 30 others were wounded when terrorists ambushed a passenger bus bound for Zamboanga City at Barangay (Tikpalay) in Tungawan, Zamboanga del Sur. [Text] [Manila Far East Broadcasting Company In English 2300 GMT 16 Jan 86 HK] /8918

CHURCH STAND ON POLITICS--Archbishop Patrick Cronin of Cagayan De Oro City said that, contrary to popular belief, he believes the Roman Catholic Church is not supporting either of the candidates in the 7 February presidential election. The church's only stand, he said, is for the holding of an honest and free election and for Filipinos to make their own choices. Asked about priests who give political sermons on Sunday, Cronin said the church is not responsible for the opinions of those priests. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 30 Jan 86 HK] /8918

SUGAR EXPORTS--Starting with the fifth sugar shipment under the U.S. quota, export transactions of the privately-owned Philippine Sugar Marketing Corp (Philsuma) will be coursed only through commercial banks which participate in a P1 billion loan syndication to be arranged by the Central Bank. The first four shipments have already been negotiated and arranged by a consortium of banks. The first export shipment was financed by a foreign bank while the next three are being funded by a revolving credit from the Bank of the Philippine Islands, Far East Bank and the Land Bank. It could not be immediately determined if the three would join the P1 billion loan syndication. Central Bank involvement in funding Philsuma's sugar buying operations was ordered by President Marcos to ensure that prices and supply remain stable. Because of its limited capitalization and untested track record being a new company, Philsuma has had difficulty getting credits in proportion to its requirements. Philsuma had tapped a syndicate of banks to raise P250 million in "seed money" but the deal fell through. [Text] [Manila BULLETIN TODAY in English 2 Feb 86 p 25 HK] /12232

LOCAL TRADE WITH U.S. BASES--The government has reached an agreement with officials of U.S. military facilities in the country for increased trade between the bases and local Philippine firms. Bureau of Trade Director Mina Gabor said that the management of the U.S. military facilities has asked the Philippine Government for a list of the companies wishing to do business with Clark Air Force Base in Pampanga and Subic Naval Base in Zambales. Gabor said Washington plans to send a staffer from the U.S. Food and Drug Administration to inspect local agricultural products entering the bases. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 30 Jan 86 HK] /8918

CAGAYAN OFFICIALS REPORT THREATS--Defense Minister Juan Ponce Enrile yesterday said that KBL mayors in Cagayan have reported many cases of intimidation and harassment from groups belonging to the opposition and the NPA. The information was relayed to Enrile by mayors of Cagayan Province who said they have been receiving death threats in letters. As a result of this, Enrile has asked military authorities to investigate the cases to find out the identities of the groups threatening the KBL leaders. In this connection, Cagayan constabulary provincial commander Colonel Tirso Gador said that nine cases of intimidation are being probed by the constabulary. [Text] [Dagupan City DZDL Radio in Tagalog 0445 GMT 3 Feb 86 HK] /8918

IMELDA MARCOS BOOED--Manila, 8 February (AFP)--Imelda Marcos was booed in two Manila polling centers she visited yesterday during the election pitting her husband President Ferdinand Marcos against opposition leader Corazon Aquino, it was reported here today. Mrs Marcos, the 56-year-old governor of Metro Manila and minister of human settlements, was booed in the populous district of Sampaloc, the independent PHILIPPINE DAILY INQUIRER newspaper said. Mrs Marcos flashed the "V" for victory sign in the polling centers when some voters responded with boos and the opposition "L" sign with thumb and forefinger, which stands for "Laban," meaning fight, the daily said. Spokesmen for Mrs Marcos could not be reached for comment on the report, which cited eyewitnesses and independent election watchdogs at two public schools where the voting centers were located. Opposition candidate Corazon Aquino was leading today in unofficial tallies of the ballots cast in Metro Manila, which has over 4 million voters. The opposition routed the ruling New Society Movement (KBL) in Manila in the May 1984 general elections, winning 15 of 21 seats. [Text] [Hong Kong AFP in English 0453 GMT 8 Feb 86 HK] /12232

CSO: 4200/675

COLUMNIST BLASTS U.S. FOREIGN POLICY, ECONOMIC STANCE

Bangkok DAILY NEWS in Thai 15 Jan 86 p 2

[Around the World column by Trairat: "Yankee Element"]

[Text] The United States has been making terrible mistakes in the international political and diplomatic game. It sent forces into Lebanon and then had to withdraw them after the bombing attack that killed and wounded several hundred marines in Beirut. It has poured in aid to help the right-wing forces in Nicaragua and announced that it will work to topple the Sandinista government. It even used aircraft to lay mines, which was condemned throughout South America. And since then, there have been several other matters, the latest one being the threat to destroy Libya in cooperation with the Jews. The people of the world oppose that, too. As for international trade, Uncle Sam boasts that it supports free trade. But it has tried to promulgate protectionist laws and set up tariff barriers. Examples are the Jenkins Bill and the Farm Bill.

People throughout the world are opposed to the games being played by the United States. These actions are driving a wedge between the United States and its allies. Almost all these countries are beginning to realize that Uncle Sam is insincere and that it forms friendships for its own benefits. It says one thing but does something else. Usually, the United States thinks only of its own interests.

If a government is weak and is willing to place itself at the disposal of the United States, Uncle Sam gladly embraces it and helps keep it in power even though the people of that country may detest that government. It allows the problems to fester to the point where they become almost unsolvable and then looks for another puppet to take over. It helps destroy the people's power and those leaders who do not agree with U.S. policy. An example is the situation in Thailand before the events of 14 October. Another example is Uncle Sam's support of Marcos in the Philippines.

It's fine that the United States is trying to support the growth of democracy throughout the world. But that is not how the United States treated Thailand. It treated us like a colony. During the period of dictatorship, it tried to humor the dictators. During the parliamentary period (parliamentary dictatorship), it has again tried to humor the leaders. It has said that this is a good government. Even though the government has allowed the nation's economy to deteriorate, the United States has told the people here that they should be patient and that they should not change governments or even think about toppling the government.

Look at the problem along the border between Thailand and Indochina, a problem created by the United States. The United States left this problem for Thailand and today pays hardly any attention to it at all. To purchase weapons from the United States, we have to prostrate ourselves and pay a fortune for the weapons. Moreover, they are slow in delivering the weapons. The refugee problem continues to grow worse.

When Thailand devalued the baht the first time, which wreaked havoc, and people complained about the terrible economic situation, the United States tried to comfort the Prem government, saying that it didn't need to listen to anyone here, that the Thai economy was still strong and that if Thailand wanted to borrow any money, all it had to do was ask. And it said that if anyone tried to topple the Prem government, the United States would deal with them harshly. We all know what the result was.

Now, the United States is threatening to cut off U.S. aid (a few dollars) if anyone tries to topple the Prem government. But at the same time, it has promulgated the Farm Bill to destroy our agricultural products. If the United States continues to use such misguided policies, shouts of "Yankee, go home" will continue to be heard throughout the world.

11943
CSO: 4207/147

ATHIT EXTENSION DISCUSSED, SENIOR GENERALS PROFILED

Bangkok SU ANAKHOT in Thai 15-21 Jan 86 pp 18-20

[Unattributed report: "The Army After the Extension of Athit"]

[Text] Unless the Ministry of Defense grants another extension to Gen Athit Kamlangek, the supreme commander and RTA CINC, Gen Athit will have to retire on 31 August this year. Because at a cabinet meeting on 6 April 1985, the Ministry of Defense informed the cabinet that it had granted a 1-year extension to Gen Athit, who was scheduled to retire on 30 September 1985, from 1 October 1985 to 31 August 1986.

At that time, the Ministry of Defense informed the cabinet that it was essential to grant an extension to Gen Athit in the interests of national security. The ministry said that he was in excellent health and could continue to fulfill his duties based on Article 19 of the 1980 Government Officials Pension Act (edition 13).

Article 19 of this act states that "any government official who turns 60 years old must retire at the end of that fiscal year. However, the cabinet can grant 1-year extensions until the person reaches the age of 65 if this is necessary in the interests of maintaining national security or in the interests of education or national development or if the chief aide-de-camp to the king requires this in order to facilitate the activities of the king."

However, there shouldn't be any problem granting another extension to Gen Athit this year. This will probably be approved when the time comes just like last year. That is, he will be granted another 1-year extension as agreed.

"During the army's movement at the beginning of last year to secure an extension for Gen Athit, Lt Gen Phichit Kunlawanit, the 1st Army Region commander, was the activist in getting senior military officers and field commanders to sign a petition to have Gen Prem Tinsulanon, in his capacity as minister of defense, grant a 2-year extension to Gen Athit. But because this conflicted with the law, it was agreed that extensions would be granted 1 year at a time," said a senior officer to SU ANAKHOT.

This officer told SU ANAKHOT that unless something happens, Gen Athit will be granted an extension as agreed on. Looking at the army officers who hold the rank of full general, it can be seen that the army lacks officers of this rank. Thus, it is very unlikely that he would be denied an extension.

The five army officers who hold the rank of general are Gen Athit Kamlangek, the RTA CINC, Gen Chuthai Saengthawip, the deputy RTA CINC, Gen Akkhaphon Somrup, the first assistant RTA CINC, Gen Kamhaeng Chanthawirat, the second assistant RTA CINC, and Gen Chawalit Yongchaiyut, the army chief of staff.

With the exceptions of Gen Chawalit Yongchaiyut, who has 7 years left before he is due to retire, and Gen Athit Kamlangek, who will be granted a final 1-year extension, the others are all due to retire on 30 September this year.

"In the present situation, it is 'essential' that Gen Athit be granted another extension. Otherwise, there will be splits within the army as was the case in the past. And by the time a 'knight on a white horse' arrives to solve the problems, it may be too late. In particular, the Thai-Cambodian border problem could have an effect if there were conflicts in the army," said the same senior officer.

The following is a list of the "generals" and "lieutentant generals" who are not due to retire on 30 September this year. They are listed in order of seniority based on date of rank and position:

Gen Chawalit Yongchaiyut, the army chief of staff (Chulachomklao Royal Military Academy Class 1), was born on 25 May 1932. He will retire on 30 September 1992. He is considered to be the "full general" who will remain in government service the longest.

Lt Gen Wanchai Chitchamnong, the 4th Army Region commander (Army Preparatory School Class 5), was born on 30 October 1926. He will retire on 30 September 1987. He was promoted to lieutenant general and made 4th Army Region commander in October 1983.

Lt Gen Wanchai Ruangtrakun, the deputy army chief of staff (CRMA Class 1), was born on 13 July 1932. He will retire on 30 September 1992. He was promoted to lieutenant general and made assistant army chief of staff for operations in October 1983.

Lt Gen Watwong Hutasewi, the director of operations (APS Class 6), was born on 25 November 1926. He will retire on 30 September 1987. He was promoted to lieutenant general and made director of operations in October 1984.

Lt Gen Charat Wongsayan, the second army chief of staff (APS Class 7), was born on 9 February 1927. He will retire in September 1988. He was promoted to lieutenant general and made army comptroller in October 1984.

Lt Gen Phisit Hemabut, the 2d Army Region commander (APS Class 6), was born on 21 August 1927. He will retire in October 1987. He was promoted to lieutenant general and made 2d Army Region commander in October 1984.

Lt Gen Phichit Kunlawanit, the 1st Army Region commander (CRMA Class 2), was born on 6 July 1932. He will retire on 30 September 1992. He was promoted to lieutenant general and made 1st Army Region commander in October 1984.

Lt Gen Sunthon Khongsomphong, the commander of the Special Warfare Command (CRMA Class 1), was born on 1 August 1931. He will retire on 30 September 1991. He was promoted to lieutenant general and made the commander of the Special Warfare Command in October 1984.

Lt Gen Charuai Wongsayan, the assistant army chief of staff for civil affairs (CRMA Class 1), was born on 21 June 1930. He will retire in September 1990. He was promoted to lieutenant general and made assistant army chief of staff for civil affairs in October 1984.

As for other offficers who hold the rank of lieutenant general, those not due to retire this September were all promoted to lieutenant general in October 1985. Thus, looking at the officers in terms of seniority, it is not difficult to see which officers will be promoted to full general, which is the highest rank, and given higher positions.

Gen Athit Kamlangek

1. Date of birth: 31 August 1925

2. Wife: Lady Praphasi Kamlangek

3. Children: Two sons and one daughter

4. Education: Army Preparatory School Class 5, 1948
   Army Command and General Staff College, Class 4, 1965
   Air War College, Class 5, 1971
   National Defense College, Class 22, 1979

5. Important positions:

   Service battalion commander, Military Circle 1, 1965
   Commander, 23d Mixed Regiment, 1973
   Commander, 3d Division, 1977
   Commander, 1st King's Guard Infantry Division, 1979
   Deputy commander, 2d Army Region, 1980
   Commander, 1st Army Region, 1981
   RTA CINC, 1982
   Supreme commander and RTA CINC, 1983

6. Special service: Second World War, 1944
   Korean War, 1950
   Vietnam War, 1968

7. Political positions: Member of the National Legislative Council, 1972
Member of the National Legislative Council, 1977
Member of the Senate, 1977

8. Extension: First extension from 1 October 1985 to 31 August 1986.

11943
CSO: 4207/147

GOVERNMENT TO SEEK LOANS FOR STATE ENTERPRISES

Bangkok NAEO NA in Thai 9 Jan 86 pp 1, 12

[Unattributed report: "Loans To Be Sought for 11 State Enterprises"]

[Text] At the Government House, Mr Trairong Suwannakhiri, the government spokesman, announced that at a cabinet meeting on 7 January, the Ministry of Finance made a proposal based on the request by 11 state enterprises for government support funds totaling 2,519,483,000 baht for fiscal 1986. The cabinet had passed a resolution on 22 October 1985 to have the Ministry of Finance, the Office of the National Economic and Social Development Board and the Budget Bureau consider this matter and submit a recommendation to the cabinet. Representatives from the state enterprises concerned were invited to come explain things. The goal is to have the state enterprises be as self-reliant as possible based on the government's policy.

After considering the matter, the Ministry of Finance recommended that the cabinet consider allowing certain state enterprises to borrow money from domestic sources rather than using national budget funds. The Ministry of Finance will guarantee the loans. (This is because the Budget Bureau may not be able to allot funds from the fiscal budget.) The cabinet considered the matter and issued the following resolution:

Two state enterprises have been given permission to borrow a total of 584,018,400 baht from domestic sources. Another two state enterprises have been given permission to use central budget funds. That is, the Budget Bureau is to allot 13,800,000 baht from the 1986 fiscal budget to the National Housing Authority and 10,254,000 baht to the Office of the Rubber Replanting Aid Fund.

The Ministry of Interior is to have the Internal Security Operations Command allot funds to the Provincial Electricity Authority for providing electricity to People's Volunteers for Development and Self Defense villages and villages along the Malaysian border (in cases in which the Provincial Electricity Authority cannot allot funds from its profits).

The Provincial Water Works Authority has been authorized to borrow 257,474,400 baht. The Budget Bureau will be responsible for alloting money for repaying the loan.

The State Railway of Thailand has been authorized to borrow 326,544,000 baht after the Ministry of Finance has examined its plans for improving operations. The Budget Bureau will be responsible for alloting money for repaying the loan.

The cabinet approved having the Ministry of Finance guarantee the loans mentioned in paragraphs 1.3 and 1.4. As for the loan methods and conditions and other details pertaining to these loans, things are to be carried out as approved by the Ministry of Finance.

All state enterprises are to carry on operations based on the principle of relying on themselves and increasing efficiency as much as possible. They are to revise and curtail projects as appropriate based on their financial capabilities. They should also consider ways of carrying on operations that will earn them increased revenues.

The Budget Bureau is to establish a support fund for the state enterprises so that they have sufficient funds without having to borrow money in order to allot those funds that must come from the budget. This must be done based on the cabinet resolution as detailed in Secretariat of the Prime Ministry Letter No 0202/9515 of 26 July 1984.

The Budget Bureau is to establish a budget for the repayment of the principal and interest on loan funds alloted to the state enterprises in place of budget funds in the annual expenditure budget as a direct state enterprise support fund beginning in fiscal 1987. The purpose of this is to reduce the government's debt servicing burden and to use fiscal budget funds correctly and in accord with the facts.

11943
CSO: 4207/140

FOREIGN CURRENCY SMUGGLING FROM SOUTH CONTINUES

Trafficker Arrested

Bangkok NAEO NA in Thai 10 Jan 86 pp 7, 10

[Unattributed report: "Customs Department Claims To Have Evidence, Files Suit Against 'Hiep Tak' on Charges of Smuggling 13 Currencies Out of the Country"]

[Text] The Customs Department has filed suit against Detcha Leelasit, a wealthy Chinese member of the "Hiep Tak" group, in the Songkhla provincial court on charges of attempting to smuggle 13 foreign currencies and travellers checks worth approximately 16 million out of Thailand to Singapore aboard Thai Airways International flight TG 440. He was arrested when the aircraft landed at the Hat Yai airport. The Customs Department charged that two traffickers were used to transport the money from Bangkok to Hat Yai and from Hat Yai to Singapore.

Mr Prasit Phattana-amon, the chief prosecutor in Songkhla Province, told NAEO NA that the Customs Department has filed suit against Mr Detcha Leelasit in the Songkhla provincial court on charges of attempting to smuggle currency out of the country.

The court set 7 January as the opening date of the trial. But Mr Detcha requested that this be postponed to 26 February. He said that he had evidence to submit to the court but that the documents were written in English and that it would take time to have them translated into Thai.

The Customs Department stated that a man using the name "Siriphong Lisombatphaibun purchased a Thai Airways International ticket for a flight from Bangkok to Hat Yai aboard Thai Airways International flight TG 440, which is the Bangkok-Hat Yai-Singapore flight. He had a Samsonite suitcase.

When the aircraft landed at Hat Yai, the man travelling under the name of "Siriphong Lisombatphaibun" got off the aircraft and went to the passenger lounge. However, airport porters did not remove that suitcase for inspection by customs officials. Because of this, customs officials became suspicious and so they searched the suitcase. They found 13 different foreign currencies and travellers checks worth a total of 16 million baht.

The customs officials used certain techniques that resulted in Mr Detcha, who was at the airport, coming and informing them that he was there to pick up that suitcase. The customs officials conducted an investigation and learned that Mr Detcha had paid the porter not to take the suitcase off the aircraft for inspection, which is the normal procedure. Thus, they arrested Mr Detcha and later filed suit with the Songkhla provincial court.

From the investigation, the officials learned that a man named Mr Siriphong Suphakitmongkhon had purchased a ticket for Thai Airways International flight TG 440 from Hat Yai to Singapore. He had reserved the same seat that Mr Siriphong Lisombatphaibun had used. However, officials could not find Mr Siriphong Suphakitmongkhon. And Mr Siriphong Lisombatphaibun disappeared, too.

The chief prosecutor in Songkhla Province revealed that several foreign currency smugglers have been caught in the past. But those arrested have never been carrying more than 1 million baht. And those arrested usually turn the money over to the state and so the Customs Department does not press charges. This is the first time that the amount of money involved has exceeded 10 million baht. As for whether Mr Detcha was the culprit or was involved in the attempt to smuggle the 16 million baht out of the country, we will have to wait for the court's decision before the case can be officially closed.

The chief prosecutor in Songkhla Province said that based on the law, a currency smuggler can be sentenced up to 10 years in prison and be fined up to four times the amount involved. As for resolving the matter by giving the money to the state, that must be done before the case reaches the trial stage.

NAEO NA has learned that Mr Detcha is a member of the Leelasit family. His older brother is Mr Wanchai Leelasit, the president of the Lee Garden Hotel in Hat Yai. Another brother is Mr Wisit Leelasit, the president of the "Wall Street Tower" office condominium project and the Thai Rat Finance Company.

In business circles, this family is known as the "Hiep Tak" group. They are involved in a large number of activities ranging from hotels to trust companies, the production and sale of powdered fish, real estate and many other trading activities. The Hiep Tak group carries on business activities in Thailand, Malaysia and Singapore.

Methods Described

Bangkok NAEO NA in Thai 9 Jan 86 pp 7, 10

[Unattributed report: "Customs Department Reveals That Southern Businessmen Use Bills of Exchange To Facilitate Currency Smuggling"]

[Text] The Customs Department has revealed that Chinese merchants in Hat Yai and certain provinces in the south are smuggling currency out of the country and keeping it in Malaysia and Singapore. They have been doing this for more than 10 years using the export system. Those involved in this the most are para rubber and powdered fish merchants. When their accounts in Malaysia and Singpore reach a certain level, they write bills of exchange and secretely transfer funds out of the country for other merchants. For this service, they charge 50 satang [1 satang equals 0.01 baht] per dollar.

A high-level news source in the Customs Department told NAEO NA about why the Custom Department's Zone 1 Control Center had been ordered to conduct an investigation and seize documents concerning the import-export activities of several companies in Hat Yai District. He said that the purpose was to obtain evidence that they were engaged in smuggling currency out of the country using import-export documents as a tool and in importing and exporting goods without paying taxes.

The main target of the Customs Department is currency smuggling. It is well known that Chinese merchants in Hat Yai and other southern provinces have been engaged in this for more than 10 years. A report stated that the ones most heavily involved in this are para rubber and dried fish merchants in the south. In terms of the number of people involved, most are dried fish merchants. But it is the para rubber merchants who smuggle out the largest sums of money.

The easiest and most popular way of smuggling currency out of the country is to set up a subsidiary company in Malaysia or Singapore. In selling goods to Malaysia or Singapore, they usually prepare documents through the subsidiary company or through the business activities of relatives living in Malaysia or Singapore. What they do is export goods from Thailand at below-normal prices. Some of the money earned from this is kept in Malaysia or Singapore and is used for various activities. In particular, if people want to transfer money out of Thailand without going through the national bank, they contact those with accounts in Malaysia or Singapore.

Those who want to transfer money out of the country pay--in baht--those who have the accounts in Malaysia or Singapore. They can then recieve their money in Malaysia or Singapore. Those with the accounts in Malaysia or Singapore charge 25-50 satang per $1 for this service.

Merchants in Hat Yai and other southern provinces like to use this method because some of them hold dual nationality, and they have relatives living in Malaysia or Singapore.

"This is just one example. Several other methods are used to smuggle currency abroad. They use these methods in order to avoid having to pay the full export tax," said the news source.

Mr Samphan Limtrakun, the director of the southern branch (Hat Yai) of the national bank, said that the national bank is monitoring currency smuggling. But there are limitations on what can be done to arrest those involved. Things must be coordinated with officials from various other units. The national bank does not have the legal authority to take action itself. As for what is being done to solve this problem, Mr Samphan said that peaceful measures will be employed first. If this continues, resolute action will be taken.

Currency exchange is another problem. Mr Samphan said that Ministry of Finance Law No 13 of 1954 prohibits people from engaging in foreign currency exchange or transfer activities unless the person has received permission from the minister of finance. But this is still being done illegally. Officials know this but do not have enough evidence to take action.

11943
CSO: 4207/140

NEW COMMERCE MINISTER INTERVIEWED ON TRADE, POLICY

Bangkok MATICHON in Thai 23 Jan 86 p 1

[Interview with Police Cpt Surat Osathanukhro, the minister of commerce; date and place not specified]

[Text] [Question] What are your policies for administering the Ministry of Commerce?

[Answer] I think that all ministries and tasks are the same. Very broadly, I think I have much knowledge about the work of the Ministry of Commerce. The Ministry of Commerce has many things that it can do. But at the present time, I think that in order to help solve the country's problems, we may have to cut back on the number of measures used rather than increase the number of measures. I would like to help facilitate trade because our business activities seem to be "stuck." But Thailand is not the only country that has experienced a slowdown.

Thus, sometimes we have to take steps to give businessmen the will power to increase trade. The minister of commerce is responsible for finding ways to enable government officials to support trade. But at the same time, officials must monitor things to ensure that the merchants do not take advantage of the consumers, who have little purchasing power. As for what can be done to achieve these things, I think that the minister must ask for the cooperation of government officials in order to get them to carry out their duties. Besides providing support, officials should help set targets. For example, we have to know what to do to make the work flow smoothly. There are regulations that we can do away with. This is important.

Another thing is to make the people understand the problems. When people understand what the country's problems are, they will stop blaming each other. They will definitely accept the situation. Take rice, for example. If we have a huge surplus, prices will fall. At present, various countries have large quantities of rice, and so prices are low. Even wealthy countries like the United States want to sell rice. They are providing support. Thailand has much rice but no money to provide support. People must understand that it will be somewhat difficult for us to sell rice now because of the large quantities being produced worldwide. Buyers are purchasing less from us. People must understand this problem. Unless we all understand this, we will just continue to blame and criticize each other. And regardless of who holds this position, it will be impossible to solve the problems.

[Question] What is being done to coordinate things with other ministries in order to step up exports?

[Answer] All merchants want to export goods. We have abolished measures and done away with various obstacles. Premiums have been reduced. Our costs are lower. From what is known as of this afternoon (21 January), our merchants have the will power to export goods. I predict that within a day or two, or perhaps a week, rice prices will drop. But that may not happen. Prices may remain stable. Things may turn out better than we are predicting. Things should improve. As for cooperating with other ministries, such as the Ministry of Finance, things are going very well. People in Thailand realize that the country does not have much money right now. Thus, people must understand that we can't spend money freely as in the past. As for the Ministry of Agriculture, I am sure that it will do its utmost. The Ministry of Agriculture is quite close to the farmers, and it has greater financial power than the Ministry of Commerce. The Ministry of Commerce is a smaller ministry. They have better tools. Also, the ministers of these two ministries are from the same party. SAP [Social Action Party] ministers will hold meetings every Monday. Thus, we should be able to coordinate things closely in order to solve the problems. Besides this, Air Chief Marshal Sitthi Sawetsila, the deputy prime minister, has taken the initiative to ensure that we take speedy action and work together on this.

[Question] What is your policy on foreign protectionism?

[Answer] I think that each country has its own problems. Even the United States, which is a wealthy country, has a serious unemployment problem. They have problems with textiles and rice and have issued the Farm Bill. We have to try and make them understand that we have problems, too. We have to carry on public relations activities to make them understand that we have problems concerning rice. We have large quantities of rice. It's not that we don't have capabilities. Today, the situation in every country has changed. We can't ask them to take action on our behalf alone. The policy of the United States is to use a huge sum of money--I am not sure of the exact amount but it probably amounts to tens of billions of baht--in order to help American farmers.

At the same time, they have great sympathy for us. We are a strong ally of theirs. They don't want to see anything happen to us. Many American leaders, including leaders in the administrative sector and in the mass media, know that Thailand is an outpost and "suit of armor." They want to maintain relations. They are trying to find a way to help us. But they first have to make other Americans understand. In helping us, they will probably take a very gradual approach. I think that things will improve. I don't think that things will get worse as some fear.

[Question] As for the rice policy, did the prime minister entrust you with any special tasks and, if so, what?

[Answer] I have outlined the tasks above. The prime minister has enjoined us to step up exports, which is the desire of all Thai. The rice market is now a buyers' market, not a sellers' market. Thus, if the merchants have a good attitude and do not act reluctant and if they use marketing techniques and enter the market frequently, it should be possible to solve this problem. There aren't any other special tasks.

[Question] What was the reason for the transfer of four directors-general, such as the director-general of the Department of Foreign Trade?

[Answer] We should not mention a particular unit. People change positions. The new person must always try to do a better job than his predecessor even though his predecessor may have been first-rate. The new person must always try to do a better job. My way of looking at it is this. The previous person, who has done a good job, has set a minimum standard. The next person must do an even better job.

Also, rotating people is an administrative principle. Today, the policy of the Civil Service Commission is to rotate people after a certain number of years. But that is just a broad principle. We can make changes sooner than that. I have taken this position with honest intentions. If I had waited too long and something had happened, people would say that I was in league with this or that person. I took this action immediately after taking this position. Altogether, there are six main units. I have made changes in only three, that is, in only half. If I had made any more changes, that would have affected morale. Thus, half is sufficient.

In the case of the Department of Foreign Trade, it just happened that the way to solve the problems changed. Nobody made a mistake. It's just that the situation changed. When you have tried to use certain measures and then the situation changes, you may not want to change your measures. That is, you have told the merchants this and that and said that you will not do this and that. I think that things can become too stifling. Things can be very stifling if you are a new person. And so I have implemented new measures. I am making a great effort.

[Question] The new director-general of the Department of Foreign Trade is attending the National Defense College. Will that pose a problem concerning the performance of his duties?

[Answer] His studies at the National Defense College shouldn't take up too much of his time. I think that the under secretary will be able to provide help during this period.

11943
CSO: 4207/153

COLUMNIST: FARMERS LOSE TO MILLERS' GREED, URBAN INDIFFERENCE

Bangkok SIAM RAT in Thai 8 Jan 86 p 3

[Toi San column by Hoenfa Kindin: "Politics and the Farmers"]

[Excerpt] The farmers are suffering, and they have tried to show why the rice price policy has failed. We can summarize things by saying that the Bank for Agriculture and Agricultural Cooperatives, or BAAC, is pressuring the farmers to pay their debts or the interest, and this is forcing the farmers to sell their rice now. But the mills refuse to purchase the rice, or they offer a low price. The mills claim that there is no reason to buy the rice because they might not be able to sell it for a profit. And the commercial banks refuse to grant them credit. Those mills that do purchase rice put great downward pressure on prices. For example, the price of good quality rice is below 2,500 baht per kwian [1 kwian equals 2,000 liters]. They also deduct for moisture and extraneous matter.

What is even more important is that the farmers must agree to use the vehicles of the mills to transport the rice. The mills charge 100 baht per kwian for transporting the rice. Also, no state official has ever shown an interest in the rice marketing activities of the mills and farmers. The mills are free to treat the farmers any way they want.

Besides the fact that the rice price guarantee policy has failed to gain people's cooperation, people in Bangkok have "played politics" in order to ensure the failure of this policy. Thus, the farmers are the victims of "urban dwellers." That is, they must sell rice for what are the lowest prices in the history of Thai rice trading.

Most of the people who marched on Bangkok that day really were farmers. They demonstrated in order to inform the government that they can't sell their rice because of the above problems. As for who persuaded them to come and "play politics," that is a separate issue. But the words of the farmers were lost that day. No one paid any attention because of the political game played that day. Not one television or radio station broadcast the statements of the farmers! That was very painful. They had to return home all alone. And they were probably very confused about the way politics is played in Bangkok. They were like clowns, returning home to further exploitation by the "Chink" rice mills.

The farmers came with the sincere intention of informing people of their suffering. But the issue was clouded when pineapple growers became involved. Their intervention tarnished the image of the demonstration. People began to feel sorry for Prem rather than for the farmers. And strangely, no one bothered to ask whether Prem is close to the owners of the pineapple plantations. The fact is that when the farmers arrived, pineapples were thrown all over the road. Those who tried to provoke the officials were not farmers. And the spokesman for the farmers was not a farmer. Those who tried to get the farmers to disband were not farmers either. I have heard that they were members of the Uthai Thani provincial council.

The farmers became confused. And when they became confused, the political party that had persuaded them to come to Bangkok simply disappeared. The farmers I saw that day were like people who had been set adrift in a boat. They had no idea what to do. In the end, this just cost them time and money for nothing. They became the political "clowns" of the urban dwellers. They had to return home--all hope gone.

The farmers will probably fear Bangkok for a long time to come. They will probably continue to grow rice for the urban dwellers, who regard Prem as a hero. They can continue to eat cheaply until the Thai become extinct. The "politics" of the urban dwellers is a very terrible matter for the fate of the farmers in this country.

11943
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DAILY RAPS ORDER BANNING PHILIPPINES MEDIA COVERAGE

BK041159 Bangkok THAI RAT in Thai 4 Feb 86 p 3

[Editorial: "Government's News Dissemination"]

[Text] The mass media around the world are paying special attention to the 7 February presidential election in the Philippines. It is reported that about 1,000 newsmen have already gone to Manila to cover the election. This includes newspaper, radio, and television correspondents, especially a large group of reporters and cameramen from U.S. networks. The reason for all this is that the election pits one person who has been in power for 20 years against a challenger who is the wife of a prominent politician assassinated upon his arrival in the country.

According to reports from Manila, there are ominous signs of poll rigging or dirty tricks to delay the election so that President Marcos can remain in power. This indicates a political struggle that could lead to public disturbances in that country.

Bangkok's TV channel 9 first showed an interest in the election by indicating that it would send its own cameramen and reporters to observe it. Later, a minister attached to the prime minister's office who is responsible for the station's policy ordered it not to cover the presidential election, reasoning that "this coverage might harm the good relationship between Thailand and the Philippines." This is an irrational order, given the right of the mass media and those in government to know the news.

Because of this order, we are not sure whether the TV stations or the state-owned mass media are fully abreast of the news they report. Moreover, they disseminate only one-sided domestic news, which adversely affects administrators who do not know what the majority think. The practice by some government networks of running news to please those in charge of the stations shows that we cater to personalities rather than to principle--and this has destroyed our administration system. If people are allowed to get the news properly, it will show that the government and those big shots around the country are democratic.

The mass media, whether that of the private sector or of the government, should be fully informed of the news; in particular, they should be free to publish news on major world events. It is another matter for state-owned networks to make comments, since they have their own policy. This will also show that a country with a democratic system like Thailand gives freedom to cover news, not like an undemocratic country.

The state-owned mass media, including that directly belonging to the government--whether military, civilian, or police--currently have different policies on news reporting. They depend on personal policy rather than a national policy. To deny the people's right to know is irrational in a democratic country.

/9738
CSO: 4207/157

COLUMNIST FAULTS MARCOS FOR PHILIPPINE DECLINE

Bangkok SIAM RAT in Thai 8 Jan 86 p 2

[Article by Chaiyawat Yonpiam: "Marcos, 21 Years of Power"]

[Excerpt] During the Philippine presidential campaign, opinion polls have been conducted among the Philippine people. The results of the polls show that the popularity of Marcos and his wife, Imelda, is lower than it has ever been during his years in power. Based on the results of the polls, the opposition has charged that Marcos has grown more and more corrupt during his long tenure as president. Even though Mrs Corazon Aquino has little political experience, she does not appear to be "naive," and she has a suitable background. Besides this, Marcos won past presidential elections, that is, those held since 1965, by cheating, and it took a lot of "whitewash" to cover this up.

The imposition of martial law in 1972 enabled Marcos to stay in power longer than authorized by the constitution and enabled him to secure his position both by law and in actuality. This gave him a good chance to jail all those who opposed him.

The economic turmoil in the Philippines does not stem only from the world economic situation. Rather, the mistakes made by Marcos and his family and close friends are much more important. He placed these people in positions of power, and this has enabled them to control the economy in the various regions of the Philippines. But Marcos has constantly insisted that all the problems stem from the increase in world oil prices. He blames this for the great decline in the price of Philippine exports.

The thing that Marcos has cited as a great accomplishment and that he refers to over and over is his success in putting an end to the Moslem movement in the southern region of the country. But he never mentions that these Moro rebels are now very active again.

Marcos says that it is essential that he remain in office for another term because he has plans to solve the various problems. He says that the various projects have not been completed and that it will take another 4-5 years to complete things, which just happens to be the length of another term as president.

On 7 February, we will have a chance to see whether the Philippine people believe him and how many are willing to accept money from him in return for voting for him. But we should not underestimate the patriotism of the Philippine people. This election may well turn out differently than Mr Marcos wants.

11943
CSO: 4207/140

THAILAND

ARMY RADIO VIEWS SRV INFLUENCE ON BORDER

BK311229 Bangkok First Army Division Radio in Thai 2300 GMT 30 Jan 86

[Article: "The Indications of Vietnam's Defeat in Cambodia"]

[Text] Dear listeners, our country is bounded on the north by Burma and Laos, the south by Malaysia, the northeast by Laos, the east by Cambodia, and the west by Burma. The situation along the western and southern borders has never caused any problem affecting our national security because both Burma and Malaysia are Thailand's friendly neighbors. In fact, the northeastern and eastern borders should not have any problem because Laos and Cambodia are friends and cousins of Thailand since time immemorial. However, the reason Thailand has trouble with this part of the border is that Vietnam has Laos under its control and occupies Cambodia and forces the Lao leadership and the Heng Samrin puppet regime to provoke Thailand. If Vietnam would only live in peace, develop its own country for the benefit of its people, the countries in the region such as Malaysian Singapore, Philippines, Indonesia, and Thailand as well as those outside the region like Japan, the United States, Australia, Canada, New Zealand, Britain, France, and West Germany would not have to shoulder the burden of feeding and sheltering refugees. As a result of the Vietnamese actions in Laos and Cambodia, hundreds of thousands of refugees and illegal immigrants have fled to Thailand. Thai villagers have to be evacuated from the border areas. Many Thai soldiers and villagers were killed and wounded by ambushes, artillery shells, and land mines secretly planted on the border areas.

The longer Vietnam wages the war of aggression in Cambodia, the clearer the signs of its defeat can be seen. The fact that Vietnamese army deserters regularly enter into Thailand tells us many things: 1. Vietnamese soldiers are tired of war in Cambodia. 2. There is a severe shortage of food and medical supplies in Vietnamese military units. 3. Vietnamese soldiers' morale is low. 4. Vietnam is using recruits from the south, its second-calls soldiers, to fight the war and die for their northern compatriots who are their commanders. In other words, soldiers from southern Vietnam are sent to die in Cambodia battlefields because if they stay in the country, they might try to seize power. Another sign of Vietnam's defeat is division between the Vietnamese and Heng Samrin soldiers. They have even fought each other, and the Cambodian soldiers captured Vietnamese tanks and military trucks. Vietnam therefore ordered the dissolution of divisions of the Heng

Samrin force. The reason the Heng Samrin soldiers did that is they could not tolerate seeing their people being forced to work hard in areas opposite our Trat Province.

Another important sign of Vietnam's defeat is that Vietnam's economy is so bad that it has to earn money by selling its land, people, and bodies of U.S. soldiers. Vietnam is the world's greatest seller. National Security Council Secretary General Squadron Leader Prasong Sunsiri recently told reporters that Vietnam is currently facing a very difficult time. It cannot heal its wounded soldiers in Cambodia. They are being left to die. Meanwhile, the remaining soldiers' morale is very low. Vietnam cannot find enough food, weapons and ammunition. Second, it sells its own people by sending workers abroad and uses labor to pay foreign debts. The Vietnamese who wish to live abroad must pay a huge amount of money to the government to get permission to leave the country. Third, Vietnam sells bodies of the American soldiers who were killed during the Vietnam War to the United States. Each body can bring a lot of money. Squadron Leader Prasong expressed doubt as to whether Vietnam would succeed in solving its economic problems through these means.

Another sign of Vietnam's defeat is the CGDK forces' victories in launching attacks, ambushes, and sniping against Vietnamese soldiers in the Ratanamondol Districts in Siem Reap-oddar Meanchey Province.

Dear listeners, the longer the genocidal war against the Cambodian people drags on, the weaker Vietnam becomes. In the past, Vietnam always opened a massive suppression operation against the Cambodian people during the dry season. However, this year's dry season is less violent. In any event, it is still a long way before the rainy season comes. Vietnam might be waiting for the right time to launch such an operation in compliance with its tactics: You come, I hide. You stop, I harass. You are in trouble, I attack. You retreat, I pursue. Vietnam might commit more crimes against the Cambodian people and violate Thailand's territory and sovereignty any time.

Supreme Commander General Athit Kamlang-ek told reporters when he went to visit and present new year gifts to soldiers at Phanurangsi camp in Rat Buri Province that the Thai Armed Forces have been on alert and will boost their defense power while the naval force might be needed to strengthen the defense of the border in Trat Province. At the same time, the Suranari Force of the 2d Army Region in Ubon Ratchathani Province has been ordered to stand by to cope with any situation. Meanwhile, the army is ready to send reinforcements, to the area if the situation becomes violent.

/9738
CSO: 4207/157

PRK BORDER VILLAGE CHIEF UNHAPPY OVER GOVERNMENT TREATMENT

BK300942 Bangkok NAEO NA in Thai 30 Jan 86 pp 1, 16

[Excerpt] Representative of the House Committee on Foreign Affairs toured the Thai-Cambodian border on a fact-finding mission on 29 January. They visited the Burapha Force, the Khao I-Dang refugee camp, and the site 2 camp in Ta Phraya District of Prachin Buri province. They were also briefed by Aranyaprathet District Headman Nawin Khanthahiran on the border situation and the district's evacuation plan for villagers affected by the fighting along the Thai-Cambodian border.

In his briefing, Nawin said he believed that the Vietnamese-Heng Samrin troops would not intrude into Thai territory in hot pursuit of the CGDK forces in this year because they had planted tens of thousands of land mines along the border. The mines were planted by military engineers, so their infantrymen will not know the locations of the mines. Besides, there is also another indication--the Vietnamese-Heng Samrin troops fired artillery shells along the border in the past 2 or 3 days, but did not fire into Thai territory.

The district headman said: "I am sad to see that the lives of the Thai people here are cheaper than those of buffalo. When the people were killed by enemies' land mines, their families received only 3,000 baht from the Public Welfare Department, but a farmer will get 5,000 baht in compensation if his buffalo is killed. This is not fair. I have complained about this matter to the director general of the Public Welfare Department, and he accepted it for consideration. I hope the House Foreign Affairs Committee will help in this matter."

The district headman also asked the House Foreign Affairs Committee to help the government set up a budget for buying vehicles and fuel for evacuating villagers because since the border problem occurred about 10 years ago, there has never been a budget for purchasing vehicles to help evacuate villages. Only food is given. So, when there is a border incident, we have to borrow vehicles and ask fuel from the private sector.

/9738
CSO: 4207/157

THAILAND

DAILY DISCUSSES PROBLEM OF SRV-PLANTED MINES AT BORDER

BK031343 Bangkok SIAM RAT in Thai 3 Feb 85 p 3

[Editorial: "The Landmine Problem"]

[Text] The number of Thai soldiers, policemen, and civilians killed or wounded by a new type of landmine planted inside Thai territory along the border by Vietnamese troops has increased. The number of losses may rise to more than 10, so our armed forces should take measures to solve this matter. Otherwise, the number of dead and wounded as a result of the landmines will increase gradually.

These landmines are a new type, contained in wooden boxes, which cannot be detected by ordinary mine detectors. They can be detected only when we poke sharp iron rods into the soil. So, the methods to clear the mines are very difficult, and always someone has carelessly stepped on the mines.

National Security Council Secretary General Squadron Leader Prasong Sunsiri recently said that the Soviet Union had sent about 100,000 such mines to Vietnam. Although Supreme Commander and Army Commander General Athit Kamlang-ek at first expressed suspicion over this issue, he finally admitted that Vietnam has planted this kind of mine inside Thai territory along the Thai-Cambodian border, which has unprecedentedly resulted in the killing and wounding of a large number of Thai authorities and civilians.

A few days ago, the newspaper BANGKOK POST quoted a military source as saying that it monitored a message from a frontline Vietnamese commander requesting tens of thousands of landmines to be planted along the border as an attempt to fight the CGDK forces. This news also confirmed that the Vietnamese-Heng Samrin troops are preparing to mount a large-scale offensive, which has been delayed several times since the middle of the last rainy season. They are only waiting for a chance.

This new kind of antipersonnel landmine may carry a toxic chemical substance on its wooden box because the victims of the mines suffer a dilated wound that cannot be cured easily. In order to prove this, the authorities concerned should analyze this kind of mine in order to find a suitable medicine to cure the victims.

One thing we cannot understand is why the Thai side let the Vietnamese-Heng Samrin troops plant such mines inside Thai territory so easily. Do we have any ways to clear these mines? Or, do we just stand idly by without protesting to the Soviet Union, who is the supplier of this weapon to Vietnam?

/9738
CSO: 4207/157

VOFA SAYS NOTHING NEW IN INDOCHINESE COMMUNIQUE

BK060812 Bangkok Voice of Free Asia in Thai 1030 GMT 5 Feb 86

[Station commentary: "The Indochinese Communique: Vietnam's Old Trick"]

[Text] On 23 and 24 January 1986, Vietnam, Laos, and the Vietnamese-backed puppet Heng Samrin regime held the 12th conference of the Indochinese foreign ministers in Vientiane, Laos. A communique was issued following the meeting. Concerning the Cambodian problem, the communique says Vietnam reiterates its plan to complete the withdrawal of Vietnamese forces in Cambodia by 1990. It also calls for talks with neighboring countries in Southeast Asia to reach a political solution to the Cambodian problem. The communique points out that the Cambodian problem must be settled by the Cambodian people themselves without external interference. The PRK--or Heng Samrin regime--meanwhile declares its willingness to enter into talks with the other parties to achieve national reconciliation on the basis of removing the Pol Pot clique and holding free elections after the complete withdrawal of Vietnamese forces from Cambodia.

The Indochinese foreign ministers finally call in the communique for an end to what they term the silent war against the Cambodian people. They call for an end to outside intervention in the internal affairs of Cambodia and an end to all foreign military hostilities against the PRK. In conclusion, they express the hope of seeing a gradual lessening of conflicts between the ASEAN and Indochinese countries.

These are the major points of the communique of the 12th conference of the Indochinese foreign ministers. Following the communiques of the Indochinese foreign ministers from the first meeting in 1980, it can be seen that there is nothing new in the latest one. The contents of the communique are invented to deceive and confuse those who are not well informed about the situation in Cambodia. On its surface, the communique may make it sound as if Vietnam and its puppet Heng Samrin regime ardently desire to find a peaceful resolution to the Cambodian problem and to give the Cambodian people their right to self-determination. Yet, the facts show that the danger to the Cambodian people comes from Vietnam, which sent over 200,000 occupation troops to invade Cambodia, killing and plundering innocent people. It therefore defies belief when the communique says Vietnam will complete the withdrawal of its troops from Cambodia by 1990 and give the Cambodian people their right to self-determination by holding a free election without external interference. Vietnam itself is the source of the problems in Cambodia. What right did Vietnam have to send a large army into Cambodia in 1978, and why does it have to wait until 1990 to pull out its troops? If Vietnam is sincere in seeking a peaceful settlement to the Cambodian problem, why does it have to delay pulling out its troops? There is an easy answer to that--Vietnam wants to maintain its influence in Cambodia as long as possible to achieve its design to establishing the Indochina Federation comprising Vietnam, Laos, and Cambodia, under Vietnamese leadership.

In Cambodia, in addition to the 200,000 troops Vietnam has there to put down the patriotic Democratic Kampuchean forces, Vietnam has also sent hundreds of thousands of Vietnamese settlers. In Laos, Vietnam also maintains influence and control over the present Lao Government. In short, both the Lao leaders and the Khmer Heng Samrin regime have to strictly follow orders and policies drawn up by the Vietnamese leaders. It is impossible for them to act freely.

Regarding foreign reaction to the latest Indochinese communique, Thailand's Deputy Prime Minister and Foreign Minister Air Chief Marshal Sitthi Sawetsila said the communique shows that Vietnam's attitude on Cambodia has not changed at all. The communique was written merely to hoodwink the world into thinking that Vietnam and the Indochinese bloc want to resolve the Cambodian issue. Meanwhile, the spokesman of the Chinese Foreign Ministry has said that the Indochina bloc's proposal for peaceful negotiations to settle the Cambodian problem is a trick with nothing new in it. The key to the resolution of the Cambodian problem is the complete and immediate withdrawal of Vietnamese troops from Cambodia. The spokesman adds that the latest communique of the Indochinese countries has been cooked up by Vietnam to hoodwink the world because Vietnam has no intention of withdrawing troops from Cambodia. It is thus Vietnam's political and diplomatic ploy. The Chinese Government's paper, RENMIN RIBAO, supports the Chinese Government's stand and notes that, while advocating a political settlement of the Cambodian problem, Vietnam is deploying its forces in Cambodia in preparation for a large-scale dry-season offensive against the Democratic Kampuchean resistance forces along the Thai-Cambodian border.

We can see now that the communique of the recent conference of the Indochinese foreign ministers carries no new effort to solve the problems in Cambodia. Vietnam is continuing to obstruct peace there. Vietnam's brutalities against the Cambodian people are clear to the eyes of the world. Moreover, Vietnamese soldiers regularly cross the border into Thailand and attack Thai military units and civilians along the border, inflicting losses on the Thai side. Yet, Vietnam keeps clamoring about its desire to coexist peacefully with Thailand. No matter how hard Vietnam tries to cover up the truth, Vietnam can never fool the peace-loving people in the world. They are well aware that Vietnam never speaks the truth. Vietnam is tricky. It cheats, and it lies to everybody. Its tricks and lies, moverover, are old stuff.

/9738
CSO: 4207/157

THAILAND

BRIEFS

DENIAL ON 'SECRET LETTER'--It is reported that Colonel Manun Rupkhachon, leader of the 9 September coup, has sent a secret letter to defense lawyers of the coup suspects explaining the mystery behind the coup and revealing the identities of the masterminds. However, the defense lawyers have denied the report, saying that nobody has seen such a letter. They believe that rumors about the letter are the work of someone who harbors ill intentions. On the morning on 30 January, an English-language newspaper published a report about 9 September coup leader Col Manun Rupkhachon, who has sought political asylum in West Germany. The report said that Col Manu sent a top secret letter to defense lawyers of the coup suspects. NAEO NA has asked the defense lawyers of the 40 coup suspects about the letter, but most of them said they had never seen such a letter, and believe that the news is not true and is a rumor with some ulterior motive. [Excerpts] [Bangkok NAEO NA in Thai 31 Jan 86 pp 1, 3 BK] /9738

CSO: 4207/157

PARTY ACTIVITIES AND GOVERNMENT

SPEECH OFFERS OPEN CRITICISMS, ADVICE FOR AGRICULTURE

Hanoi DAI DOAN KET in Vietnamese 9 Oct; 6, 20 Nov; 4 Dec 85

[Article by Nguyen Thanh Binh: "Let Us Face the Truth, Think Seriously and Step up Production on the Key Front -- Agriculture"]

[9 Oct 85 pp 1, 7]

[Text] Editor's note: The directives of the CPV Central Committee Secretariat on agriculture (including agriculture, marine products, forestry and water conservancy) were all based on final reviews of the creative experiences of production installations and localities, and following exchanges of opinions with various sectors and localities, discussions of the Secretariat aimed at reaching unanimous decisions. This set of directives has recently succeeded in responding to the movement leadership and has created new changes on the agricultural front. The ideas and views in these directives are becoming a lively reality and in the time to come will not only exist in the agricultural field but also vigorously extend themselves in everyday life and in the building and management of the economy in general, with the most concentrated manifestation being found in Resolution 8 of the Central Committee.

Nguyen Thanh Binh, representing the Secretariat, did not go into every directive but spoke about a number of ideological matters through the directives at the training course for agricultural-sector cadres in Ho Chi Minh City (9-24 June 1985) and at the session of major activities of high- and mid-level cadres from ministries and ministerial-level organs and central committees and mass organizations in Hanoi (10-17 August 1985). Here are some excerpts from Nguyen Thanh Binh's speech.

I - Some Situations To Worry About

Our country has so far gone through 40 years of successful revolution. Our people had to fight the longest war ever and to make so many sacrifices. At the present time, we still must maintain an army that is rather large for our population and for the degree of development of our economy in order to fulfill the task of defending the fatherland. Our country is building peace and at the same time is also a country at war. Having gone through such a long war, our people live a very difficult life. This situation requires that we think hard about doing something to respond to the needs of the people and of the revolutionary undertaking in the new stage.

The situation does not allow us to do things slowly, and we must not only find the right answers but also know how to develop production quickly: we sometimes wanted to do things quickly but failed; we set large-scale and high-speed norms, but finally our plans were unrealistic; we wanted to progress quickly, but actually things turned out to be slow.

As you know, the North had been like that before. After the total liberation of the country, the 1976-1980 plan was like that, too. It was thus obvious that we did have the desire to respond to the needs of the revolutionary undertaking. We all started from the spirit of working earnestly for the revolution, but why did we fail to accomplish the things we wanted? That is the question being raised that we must think about!

It sounds good when we talk about socialist distribution, but if we cannot get hold of the goods, what can we distribute with as we cannot distribute just words?

So we must think why our way of doing things has failed to lead to the results that our fine wishes expected. There is another matter, as we usually say, "Collectives do not work as effectively as individuals; state operation is not as effective as collective operation." I find that many people take this idea for granted and also as something funny. They say things about "state-operated pho [popular Vietnamese soup]," "state-operated soccer," and so on. State operation is the strongest economic force and the support for socialism, and yet what is bad has been linked with it. I think this is a funny story and may have come from the words of bad people, but it requires us to think seriously. Why did we work not so effectively in the state-operated economic sector, which receives the most investment and has the cadres and laborers having the highest technical capabilities? We must think about it with a sense of responsibility rather than keep talking about it as something funny!

What were the things that have created problems for our cadres, who have been trained in a systematic manner, have received advanced training and have many knowledges but, at the time they sit down and handle the work, fail to do the job as well as the people who have had less training?

Another thing we should think about is the fact that the same people who were transferred from the North to the South after the liberation have become efficient and creative workers having gained many good experiences. Is it true that those people had greater revolutionary enthusiasm or a better background? Otherwise what did create them? Nam Hoang, the Hau River state farm, Nam Ve and the Vung Tau Marine Products Corporation -- all have started from empty hands and have been working with a high degree of productivity and efficiency. The Vung Tau Marine Products Corporation precently encounters a number of difficulties, but they result from other reasons. We often take prolonged inefficiency for granted and remain indifferent to it, but when there are people who work effectively, many of us begin to worry; we offer our judgment while refusing to make a serious study of the situation.

In a struggle, those who have position and force are winners. Our "position" is to hold the proletarian dictatorship and thus no other "position" is better than ours. "Force" is the economic force of the country as a whole and creates a combined strength; although this force is growing everyday, we are facing a very difficult struggle against small business people. As to the capitalists, they control the small business people and small producers and thus create a rather great opposition force that they use to fight us. Although we have position and force in the hands of the state, at the time we fight our hands are bound and we fail to develop a combined strength and even eliminate one another, which neutralizes our position and force.

A funny thing that makes us think is the fact that when we were still operating underground, we said to farmers, "After the success of the revolution, we will confiscate land from landlords, distribute it to peasants and then organize cooperatives." Farmers were very enthusiastic. That was a slogan that had a great mobilizing power and attraction to make farmers enthusiastically join the revolution. But when farmers were brought into cooperatives, why were they afraid of cooperatives -- the cooperatives were bad or farmers became bad, or we did something wrong? We often take advantage of the fact that we are leaders and the people who know and criticize the private-ownership thinking of farmers, who have had no socialist education, without criticizing ourselves for having done things wrong.

I want to go back to the question of "position and force." To have position and force naturally means we must win, but the fact that we fail to develop our position and force is because our way of doing things is incorrect and we lose the fight to our adversary, who does not have the same strength as ours. It is obvious that our adversary has the ways to fight, to deal with things, to use us to fight us! This is the very question Le Duan has often raised: "The method used in the revolution is extremely important; sometimes the fact that the line is correct but the method is wrong does not lead to victory." Recently, we have learned this lesson: In the transforming task, economic management and development of production, the fact that our method contains many wrong and improper aspects prevents us from developing our strength to win victory, in spite of the force and position we do have. It is in this spirit that each and every one of us must think about what we can do.

Why are people afraid, afraid of cooperatives, of state operation? Instead of thinking seriously to find the answers, we were bound by the old concepts that have prevented us from seeing the truth and moving forward and have hampered the revolutionary undertaking. The recent Resolution 8 of the CPV Central Committee vehemently criticizes conservative, formalistic, affected, bureaucratic and subsidization-advocating thinking. For they have prevented people from being creative, readily responding to the numerous changes in life and taking initiative in a creative manner among the working masses. Even in regard to the question of today's market, if we think that the market consists of only the socialist economic component, it will be a dull market. It must have many economic components, mostly the ones representing the individual economy, the family-based economy of small-scale goods production, and so on. If it consists only of state stores and marketing cooperatives, there will be no need to bring goods to the marketplace. To bring them to the marketplace really is to supplement other economic components and to further enrich the market. Once the state stores wanted to deal in all kinds of vegetables and fruits, but as they "covered" them all, they often had to throw them away because they had become rotten, and even sold rotten fish -- all at the expense of consumers. We must think seriously, for to serve the people means to offer them goods at the right time and while they are still fresh and good.

Our aspirations are to respond to the masses' vital interests, but we should wonder why people have turned things away, have refused to eat, to buy what were offered and have bought something else more expensive. This requires that we think seriously, for we cannot say that the working people do not support socialism. If people are well off, nobody will refuse to approve of it! It is just because what we say and what we do do not agree, the masses do not show a good response and then get criticized for being backward and showing no understanding of socialism. As to us, we do not criticize ourselves, nor do we look for wrongdoings right in our leadership. This is the time we must use arguments to fully analyze the nature of things and to look for the ways to resolve problems. We must consider this: according to our lessons cooperatives are always beneficial for farmers, but according to actual results farmers do not often see any benefits. Then people have the right to object and the right not to listen! The reason is what you say and what you do are contradictory to and different from each other, or either you say wrong things or you say right things but do wrong things, which still means you do not say right things yet, nor do you say enough yet. The masses always verify things by looking at realistic results in life.

We say that distribution is based on labor, that is we let people earn the results of their labor, but there are people who have worked very hard and yet have not earned appropriately in comparison with those who have done very little work. We tolerate this phenomenon.

In the North, sometimes people in many localities are very afraid of being rich. We fight exploitation and not being rich. Why after decades of cooperativization do some people take pride in remaining at the level of poor peasants? We bring farmers to socialism for them to get rich, as the worker class must have high income. It is not socialism if under socialism farmers always remain poor peasants and always are poor no matter how much work they do, in order to be proud of being poor. Actually being poor is the result of being lazy, doing little work and eating a lot (we do not talk about those people lacking manpower and working capacity). For those people who make a lot of products and those who are lazy, to divide equal averages among them is to tolerate exploitation. In the case of those people having gardens and getting many products from them, we worry about their private ownership, but in the case of those people leaving their gardens idle, we do not do anything against them! Instead of encouraging people to strengthen the family-based economy, we do not support this idea as we think people who do work for their collectives should rest at home "to protect their health," but can we protect people when they go hungry? Some people think that when farmers get rich, have capital they have saved and have material things to enjoy, it will be the beginning of class division. Who can agree with us when we speak of socialism this way? This view has existed for a rather long time. We knew that at the time of land distribution we would organize cooperatives and the reason why we adopted the policy of leaving 5 percent of the land was that we did visualize the role of the family-based economy. Naturally, at that time, we did not see everything that we have seen now. But it would be foolish if we thought that as long as the 5 percent of land remains, the remnants of private ownership will exist, and that we should restrict it and abolish it as quickly as we could. That was part of the reason why labor efficiency has been low.

The resolution of the 8th Plenum of the CPV Central Committee this time criticizes bureaucracy and subsidization for having caused the loss of self-sufficiency and creativity among all echelons, particularly the basic one, with the latter having destroyed the self-sufficiency and creativity, as well as the collective ownership right, of the working people. We can say that that has caused the greatest effects; we made very many suggestions about everything, which were found to be correct as we reviewed them but we were unable to achieve them because the masses were not the masters. The lower echelons were working for the upper echelons and by orders of the central administration, instead of taking initiative and creatively exploiting the potential capabilities of their own localities. We have thus lost the most precious thing, the most important driving force, which is the spirit of collective ownership and self-sufficiency of the working people and different echelons, and from there the will to be creative. People were not responsible for anything. In the bureaucratic and subsidizing system, directors were not working in accordance with their own intelligence but rather by orders from their superiors. Those people who worked effectively, made considerable contributions to the state and improved the working people's living conditions sometimes were criticized for being nonsocialist and liberal and advocating indiscipline. Then there was the type of people who were passive, did whatever their superiors had told them to do, sat and waited if their superiors did not act to resolve things and did not care about losses, no matter how great they might be; they were considered people having a sense of organization and discipline. People were saying that those people who did not fulfill their task were legally correct and were models of adhering to discipline and that the ones who did everything well but failed to obey the "wrong regulations" of their superiors were criticized. A director had this to say, "We have no guarantee because they can give us praise and reward or put us in jail." That is silly. Those who do good things are the ones who allegedly violate discipline and those who do not fulfill their task are praised for having a sense of organization; to fail to fulfill one's task in a legal manner is to do things correctly in accordance with "the socialist nature" without productivity and effectiveness. We praise the things that do not deserve being praised and criticize the things that actually need to be considered carefully; we should clearly state what is correct and what is wrong -- whether being wrong is refusing "to do wrong things" or doing exactly "the wrong things." Thus our ways of thinking and doing things for a long time have been formalistic, dogmatic, rigid, rudimentary, superficial and unrealistic. We have been familiar with the old ways for the few decades of socialist construction. Now it is time for us to change the way of thinking and to renew the economic thinking. Secretary General Le Duan has offered us this suggestion: "We cannot successfully manage the economy if we do not move forward and grasp the most powerful theoretical weapon of our era -- dialectical materialism and historical materialism. Our party must equip our cadres and party members with keen theoretical and realistic knowledges and create among the leading and managing cadres a correct economic thinking, i.e., make them fully understand and apply the economic laws and the laws related to the socialist revolution in our country."

[6 Nov 85 p 6]

[Text] Ideas Behind Directives

We know that as we do economic work, we carry out the struggle for the revolution and mobilize the masses for doing revolutionary work. To carry out the revolutionary work in order to fight the enemy in an aggressive war has peculiar laws, for we need to develop the ownership spirit and to move forward in the fight against the enemy in order to win victory, to destroy the enemy and to defend ourselves. But in carrying out the revolutionary work in terms of building the economy and socialism, what is the motivation? We naturally must make everybody understand socialism, but we must remember that to make the masses understand and carry on the revolution is to bring them something, not just empty propaganda. We said that after we have chased the imperialists away, we would build socialism, but what has the latter brought to farmers? We must always motivate the masses by starting from immediate and long-term interests and making the masses see the close relationship between their interests and the work they must do. As we talk about building socialism, we must make sure that everybody is eager to do his daily work as a contribution to building the new society. If people build socialism just because of orders from other people, directives from their superiors and understanding of vague great objectives, we will fail to make people enthusiastically take part in the revolution. Here we realize that we must "closely combine interests with rights, obligation with responsibility," as General Secretary Le Duan has said. The collective ownership mechanism requires that we materialize the interests of individuals within the general interests of society, for the common interests include the private ones. "Distribution based on labor" means to determine the interests of individuals by the results of their labor. If we underestimate this basic idea, it is obvious that laborers will have only a vague understanding of it and lose the direct motivation that drives them toward working enthusiastically.

In many distribution policies, since we did not thoroughly understand that principle of distribution, we have based distribution on averaging and failed to encourage the working people, who then became not very interested in the results of their labor.

Directive 100 of the Secretariat on product contracts with labor groups and laborers clearly sets the interests of laborers being linked with end products, encourages everybody to work enthusiastically and to develop production and truly promotes their collective ownership right. With this contracting, if I do some work and reach a certain productivity level, I know I will get how much and feel I really am master; if I work a full day, if I achieve a certain contracting level, it means that I have earned how much -- this I can calculate beforehand -- and how much beyond the required level, and know for sure how much my share will be -- this is totally different from the old contracting mechanism under which cooperative members only worked and how much earning being distributed to them, and when, would be up to the management board. That way of doing work had lasted for so many years that cooperative members already lost their standing as masters and hired hands -- even if they were hired hands in the true meaning of these words, they would not accept this way of working. If you hire me for 3 dong a day, I will expect you to pay me 3 dong at the end of the day I have worked; if I am hired under the contracting system, after I have finished the work dictated by the contract, I will demand that you pay me. Hiring people is not the thing that we want, but actually the interests of cooperative members under the old management system were not guaranteed even as those of hired people. How could that kind of management bring about good productivity?

What we must determine first is how to guarantee the collective ownership right of laborers and to regulate it. The collective ownership mechanism requires that we do things very clearly -- to assign responsibilities to whom, how much earning upon fulfillment of such responsibilities and also what right laborers have must all be very clear and well-defined in order that they do well their assignment. Only then can we create a moving force that develops the creative independence of laborers in production. This is totally different from the tight management of laborers -- to force them to go to the fields on orders just to show their presence there, to make them leave home for work at a certain time by interrupting work at home, leaving their children at home and disregarding productivity. Now that ricefields are assigned under the contracting system, I have the right to do work at any time I like, at an early or late time, it is up to me, provided I maintain good productivity and obtain good results. That is the ownership right of people. For us, that is creativity. The world today is also seeking this mechanism, i.e., they let the working people do their work at the time they are most ready for doing it in order to work with enthusiasm and the highest productivity.

The harmony between what is common and what is private, between collective and individual interests, is cherished by every laborer. In Directive 100, you see that to ensure development of production and to raise economic effectiveness is based on encouraging everybody to work enthusiastically. But how? By linking the work of every person with the end product, linking the results of his work with his income. If you do good work, you will automatically get a large income; if you work poorly, your income will be small. Le Duan has said, "The purpose of the working people winning their ownership right is none other than getting their own benefits." The reason is people work first of all for their benefits, because they have to live and to work. To work for one's living means the working people must get the appropriate materials for living. Therefore, benefits and labor must be linked together. It is the lack of understanding of this principle that makes us fall into utopian ideas. The reason is people cannot live on ideas and, as Marx said, "When ideas are separated from benefits, they certainly will be an insult for the latter and make us fall into being idealistic."

In whatever economic forms we are, we must make sure the working people are masters, and once we say that they are masters, we cannot carry on the socialist transformation by giving orders. Some localities forbade the masses to do productive work just because they had failed to motivate them for joining the cooperatives! This is a very serious mistake because to motivate the masses for joining the cooperatives or production collectives is to liberate their working power; if they lack understanding and do not as yet join the collectives, they still have the freedom to go to sea to fish, and there is no reason why we should hold back their boats and nets. What have they done wrong for us to forbid them to do productive work?

To base distribution on averaging is a form of exploitation of labor as the collectives consider both poor and good workers the same. To let poor workers earn as much as good workers do means you support the exploitation of good workers by poor workers.

We did not criticize the use of averaging while we did worry about good workers earning higher incomes. At the present time, some people are being afraid of this kind of exploitation. I think that we currently do not have capital because in a country that has gone through decades of war capital must be very scarce and the material base still weak; therefore, we must mobilize labor, land, occupations and the people's capital, which must be created for construction. For the time being, we must acquire capital from abroad, including capitalist countries. The Soviet Union in the beginning had to do the same, and many other countries have done the same.

While we look for money from abroad, why don't we mobilize money from the people in our own country who have it? If we mobilize capital from them, they must earn income from this capital in a rational manner.

Marine products come from an occupation that requires very great technical knowledge, including knowledge of weather, scientific capabilities and experience. This is the kind of labor that encounters a lot of danger as people go to the sea to exploit it in order to make themselves and the country rich. Since we do not have capital, we must encourage people to invest capital in buying boats and nets and then to cooperate with a number of other laborers in doing joint work. Thus society gets products and laborers have jobs and incomes.

About pricing the means of production, as the latter are used in joint enterprises and gradually paid back as capital, they must be calculated at appropriate prices and efforts must be made to ensure their effective use. For instance, as the joint enterprise involves fishing boat owners, we must know how to maintain and develop their management capabilities. When the boats return to shore, they usually spend a lot of time to repair them and to take good care of them. This habit does not happen overnight. State enterprises are very poor in terms of taking care of their boats; as to private owners, they make many fishing trips and choose the best time to go to get the largest catch, but our boats make fewer runs and since we go to sea at the set time, our productivity is very low.

The secretariat, therefore, does not advocate setting the end of 1985 as a deadline for achieving the socialist transformation of fishery. To join the cooperatives is the working farmers' aspiration, but the present way of doing work to them still is restrictive and unattractive. If people are not willing to join the cooperatives yet, let them work on an individual basis, provided they do not do anything illegal and do not exploit other people in a gross manner. And if farmers want to do productive work and we forbid them, that is a mistake. What needs to be discussed is how we can harmoniously link the interests of the state with those of the collectives and working people. To promote collective ownership first of all means we must guarantee farmers' volunteering spirit. In the cooperatives' statutes we have put volunteering as the first principle, but as we operate the cooperatives, we fail to respect this principle. Mostly as we do economic work, we must definitely do things on a voluntary basis and with self-consciousness in order to be enthusiastic; we cannot do otherwise because we can work effectively only if we are enthusiastic. If we force people to do things, we can never have good productivity and quality. We must therefore realize that the collective-ownership spirit is very important, which means here that people consider collective work their own. This attitude comes from their own aspiration, wishes and interests. Only then they will be doing work in an enthusiastic and creative manner.

[20 Nov 85 p 6]

[Text] III. In order to promote the working people's collective-ownership spirit, there must be a mechanism to closely link the three interests in a harmonious manner, to link the state, collective and family-based economies into a unified system. The basic economic law of socialism is to satisfy the ever increasing needs of society and of its members by ceaselessly developing production on the basis of collective ownership. This is the reason why we consider ensuring production development and improving economic efficiency as the purpose of Directive 100. We consider Directive 100 the act of creating an actual mechanism that brings the ownership right to cooperative members. In the past, we had been calling on them to show they were owners, but actually the way of handling labor and the mechanism of management did not ensure that they could display their ownership right. For decades we had been talking about it but had failed to achieve it because we had not created an ownership mechanism for the working people. In Directive 100, we have materialized the collective ownership mechanism and stimulated the initiative of working people, who should not be pushed as hired laborers while management cadres become the "hiring contractors" of the olden days.

In this spirit, we advocate giving the masses ownership of land and forests. What was bad was the fact that the people in the highlands for a long time were not masters of hills and forests, but only of a few ricefields which were their weakness, and that, as far as their best strength was concerned, we had not wanted to rely on them -- hence, our failure for many years -- as we should have, for farmers should represent the state and be the collective masters in order to keep forests and to get rich from exploiting them. We way that forests are gold and the sea is silver and declare that forests are our national public land, but we have failed to positively define the responsibilities, rights and interests of highland people regarding forests. Some comrades are being afraid of whether losses of forests can result from assigning them to people. Their fear does not stand because not very many forests remain to be lost! We have lost almost all of our forests. Out of more than 20 million hectares of forests we have only more than 5 million hectares left. What a danger! You comrades are afraid of losing forests because they are assigned to highland people to be masters of forests! I think we should worry about the losses of dozens of millions of hectares of forests and why we are still losing them, rather than putting an end to such losses. Let us not be afraid of farmers being masters of hills and forests. While people deal in hills and forests, get rich thanks to them and at the same time make the country rich, why should we be afraid? When we have the right mechanism for achieving real collective ownership, the working people will get rich and the state will get rich. After having assigned land and forests and obtained very encouraging initial results, Vinh Phu Province now can believe that covering its bare hills with crops again is a possibility. The examples of cooperatives and families being owners of hills and forests are quite common in Vinh Phu and Quang Ninh Provinces today.

To find a mechanism to harmoniously link the responsibilities and interests of working people with the interests of collectives and the state will create a strength capable of bringing about unexpected results. First of all, we must talk about the results of the product contracting mechanism. In what is assigned in product contracts, there are the quotas for the state and collectives and the shares to be enjoyed by the working people. Only by attaining the production level assigned to you you can get your share and, naturally, there will be the interests of the collectives and state; as to what is beyond this level, you can have it for yourself. We do not have to motivate them, and yet they will work voluntarily, for in their work all three interests harmoniously exist. To sign "blank-check" contracts is the greatest shortcoming, but in terms of cultivated areas and crop yields, they have been doing quite well, unlike in the past when they refused to work even though we supervised them everyday, pushed and criticized them. About raising animals on contract, the same thing is happening; in many localities, we supply them with just a few kilograms of paddy, they automatically deliver meat. As we jokingly call it the "exchanging mud" job, the animal raising movement has developed quite vigorously. As to assigning land, instead of having fertilizers, water and seeds, but in the face of shortages of fertilizers, seeds and water, cooperative members still manage to obtain seeds, irrigate ricefields by themselves, hoe and do everything else by themselves.

As we talk about collective ownership, we cannot fail to mention the collectives of people who are masters, i.e., production installations and levels; as we say the working people are masters, we must talk about how cooperatives exercise the ownership right, how districts exercise it, how provinces exercise it and avoid saying things too generally, without clearly-defined boundaries. We must thoroughly understand the meaning of the general secretary's words, "As we have talked about the different levels, we should remember that all levels have their own ownership right; and once we talk about ownership right of different levels, we should know that the substance of this ownership is the same in some aspects, but remains different in others."

We must think hard about how to create the motivation that encourages people to be masters, for only by being masters they can have enthusiasm and creativity. We know the strength that the working people being masters create, but if all working people, all local collectives and the country as a whole exercise the ownership right, this strength will become the greatest one -- the combined strength of the entire country. We are achieving nationwide ownership, but for leaders of localities, they must resolve something for the people in their localities and, on behalf of the Central Committee, bring something good to the people and party organizations in their localities. People elect you just because of that goal and, naturally, not for separating the localities from the country as a whole. The task of a locality is to have an obligation to the state and an obligation of its own. We must have a mechanism to allow every locality to truly exercise the ownership right within our management mechanism. We have violated the ownership right of production installations and different levels for many years and now we say that three levels must exercise the ownership right, but how do they exercise it? How do provinces, districts and individuals exercise it remains a matter that we are looking for and still have to create as we have not yet drawn and designed a full model. Although we have not done it yet, what we affirm is to determine for every level the ownership right it clearly can exercise, i.e., to define the conditions for it to actively and creatively fulfill the obligation to the Central Committee and the locality in the most effective manner.

To say that localities have the ownership right to exercise means that as they deal with the superior echelons about the part that exceeds the obligation they have agreed with them to fulfill, the nature of this dealing is not one of obligation but rather of mutual consent. When I am assigned to fulfill within my ownership right a specific responsibility, I must be given the authority to execute this obligation and to carry it out and once I have fulfilled it, I must enjoy the benefits associated with fulfilling or overfulfilling it. That is the collective ownership mechanism, which is different from the bureaucratic mechanism based on orders. As we apply contracting to all levels, we must study this form well, for contracting brings about the spirit of being masters to all levels and then to all working people and in all fields. We must define it in such a way as to create the greatest and most wonderful strength, which is to combine all such ownership systems. To create a combined strength from all working people and all labor levels means not to eliminate one another, but rather to join forces and to encourage one another to create a new strength that is greater than all strengths combined. This is also a matter that the new mechanism is raising for us to seriously think about. Now in a locality, just like in the country as a whole, if agriculture wants to develop quickly, other sectors like banking, finance, prices and industry must join with agriculture, prop it up, push it forward and make sure that agriculture fully develop its potential without any restrictions and limits; then this strength will become much greater. With the present mechanism, the various sectors do not really concur with one another. As we want to get hold of goods, we must purchase them when their prices are lowest, but sometimes we may not be able to get money or additional money at the bank at the time of lowest prices and prices may begin to rise or goods may become more scarce at the time we have money and want to buy cheap. As our strength is not put together, it does not become a combined strength.

This is a very great matter for researchers and for us to seriously think about to create a flexible and fluid mechanism capable of developing a combined strength. As we entrusted them with collective ownership, we did not observe how they would build the combined strength. Our organizing mechanism was not very responsive. In production and business, we need to do things in time and need money at the right time, but if we followed the old system, we would have to make reports, to review these reports, to review everything else and then to wait. These regulations caused a loss of opportunities and many units had been using what we call "unlawful dealing" and "bribery" to bypass everything that was unfit in terms of time and space in order to gain understanding that would help them to satisfy their needs in time. As we want to get rid of "unlawful dealing and bribery," we must be able to generate actions that comply with regulations and the natural effects of the mechanism that compels and allows work to be done, rather than negotiations and bribery. Although resorting to bribery to get cash is a serious matter, the localities that resorted to it have had their work done and have obtained results. We can either criticize it or say that it is a wise way because failing to act or doing things the old way means suffering from losses, but the greatest loss is corrupting the work machinery. We leaders must seriously think about building a mechanism to ensure that if they do work in time to serve you, you must pay them for the work in such a way that bribery will automatically be abolished. Fulfilling the task of production installations does not solely result from the work of the latter, but credit must also be given to the superior echelons through an actively working services system. This explains why there are "gifts" that are sent, which should not be absolutely construed as "bribes" for promotion. This we must study and replace with a mechanism, rather than just criticize. Presently, we have begun to overcome it. For instance, the mechanism that ensures crops and animals that are raised and links the responsibilities and interests of corporations, stations and farms with the results of prevention and control of harmful insects and diseases. This is why corporations, stations and farms no longer work carelessly and ineffectively, such as shipping insecticides of wrong doses, sometimes just plain water. Haiphong and Long An have set up a contracting mechanism by which the corporations, stations and farms there must ensure good results and will get paid for their work, instead of working with a vaguely defined obligation. This promotes joining together and creates a combined strength, with superior and lower echelons being linked together to turn into a combined strength, with obligation to each other. Because of their own interests engineers and technical staff have worked hard all day in cooperatives; they no longer rode horses, looked at flowers and waited for reports as they had done in the past. They have been going to the cooperatives to see how harmful insects were doing on the crops and what diseases existed among domestic animals in order to use insecticide and medicines in the best and most timely manner.

It is from the experience in ensuring on-contract work that integration has been created among the state-operated, collective and family-based economic sectors within the work distribution system, which are linked together by the mechanism of interests. Here we say that as we have done economic work, the combined strength must also be materialized and regulated to become a mechanism of responsibilities, authorities and interests among different levels and sectors for the creation of a certain product. The end result of this product is the quintessence of the sweat and brain power of many people, many levels and many sectors, with each and every one having contributed to it being paid for his work.

On the basis of every working person really being a master and further developing the ownership strength of the working population, we organize the latter into a collective that really exercises the ownership right; such collectives have an ownership mechanism that runs at different levels, do not eliminate one another and create a strength, the intensity of which is something we still cannot fully anticipate. Many plans we failed to figure out because they required the results of the ownership spirit of every working person and every level, as well as a mechanism that would pull them together to create a combined strength. Since it is very difficult to sit and to have idle talk, we must create favorable conditions for all levels, particularly the basic level, to exercise the ownership right and , after letting them do things on a trial basis, learn from experience and build it into mechanism and regulations. In the past, since we had not been able to determine it, we only put out slogans, but then if the lower levels did things a little bit differently on their own initiative, we would readily criticize them and they would step backward, which resulted from such criticism, and the fact that they stepped backward meant the ideas of the upper leadership echelons would never be materialized. We must thoroughly understand the leadership spirit of the secretariat: we must boldly let the lower levels and masses develop their own initiative and creativity based on the guidelines and views that the party has affirmed.

The general secretary has said, "In the war in the last few decades, we won victories not because of the meticulous leadership of the superior echelons but with creative contributions materializing the Central Committee line from the bottom up. Victories came from the basic level." The general secretary has concluded, "The lesson learned from the decades of war shows us that we can do good things only on the basis of the correct party line and by letting the lower levels act creatively to materialize it." Only when the central administration stays close to localities, helps them and lets them do things, we will be able to find the best solution.

The way for us to be able to turn our system into a model is to let localities think for themselves, be creative and do experimental work in accordance with the basic views outlined in the directives and resolutions of the Central Committee. Some of you have worried that being too strict would make the lower levels "break the fence" and being too loose would encourage them to rebel. It is obvious that our cadres do not want to be careless to the detriment of the country but rather to be creative, to think seriously; as they go from the obligation to the country and from the very interests of their localities, they will not deviate much from the right course, if there is deviation at all. The standard is the obligation to the country being fulfilled through the requirements of revolutionary work in the localities. The localities that we have called the ones that "broke the fence" actually were carrying out the obligation to the country at an increasing pace. Long An Province, for instance, since it started the pilot project on improvement of prices-wages-money, has delivered to the central administration 5-6 times, even 10 times in some cases, the quantities of grain and agricultural products it was supposed to deliver. It has increased the grain purchases from a few thousands of tons to 110,000 tons so as to ensure distribution within the locality and to fulfill its obligation to the central administration. We must have some standards by which we can recognize the work done by the lower and basic levels. After we have set these standards, we must let them take the initiative, decide how to do things and dare to be creative and to think hard. We should not be smart in our superior positions (particularly in central-level positions) and do the job of thinking for a certain village or district so as to let it exploit the potential of the locality. The most that the superior echelons can do is to point to the direction for a locality to take in order to exploit its potential. We must let the basic-level cadres actively think about their responsibilities to the central administration and superior echelons. If we are too strict and force the localities and basic level to do things by our orders, when to go and when to stop as told, we cannot exploit their potential capabilities. The spirit that the secretariat expresses in its directives is that it wants to exploit our strength from the basic level up, starting with the working people who, with our land, resources and labor, with their present occupations, are to produce wealth for the country and for themselves.

[4 Dec 85 pp 1, 6]

[Text] IV - Adhering to the Law of Development

We are facing the process of a series of new factors being born. Nothing that is newly born is perfect.

Things are always that way -- undergoing a process of development. Life in nature and national construction both are a process, but many of you often like to cite examples and to turn this process into a rigid, fixed model without realizing that all things develop through a process that goes from a low to a high level, from a simple to a complex state. In the cooperativization movement in Nam Bo, some people simply thought that to achieve absolute collectivization would be the most revolutionary way and that progress could be made only by reaching a high level and a large scale. Some localities spent less than a year to organize farmers in collectives and waited for only another year before putting them in cooperatives. Let us make the collectives fully develop their effects and then gradually move them to the cooperative level. In the highlands, the tendency to be formalistic and mechanical is even greater. Although their ricefields are very small, people still organized villagewide cooperatives (instead of small cooperatives at the beginning). Since people liked outward forms and high-level capacity without bothering with economic results, the fact that the cooperativization movement in the highland provinces was going through ups and downs for so many years was because people had failed to thoroughly understand the law of development, which calls for going from a low to a high level, from a simple to a complex state. In this spirit, the secretariat was relentlessly leading the cooperativization movement in Nam Bo, as well as in the highlands and coastal areas, by avoiding any impatient action and excessively fast development that might lead to unwanted results. The phase of socialist transformation in the South this time did not encounter a shortcoming that had been considered a law in the past, i.e., at the beginning of the cooperativizing process a decline of production would be unavoidable and should be accepted in order to move forward. The cooperativization movement in the South presently continues to show development of from production solidarity teams to production collectives and no signs of dissolution of the latter. The CPV Political Bureau and Secretariat have warned against letting localities overzealously turn large numbers of them into cooperatives and thus bring about adverse consequences. The production collectives that have just been established or have been productive for just one season are different from those that have operated for many years. There must be a process of accumulation, a process of growth. We have demanded that our collectives have a certain quality; if they failed to have it, we would criticize them for not being socialistic and, in a negative manner, charge them with deviation. It should not be that way. We must find the steps that a majority of the masses can accept -- and that is wisdom. To do revolutionary work is to find gradual steps for the majority of people to take; to make these steps practicable for only a few outstanding people is to lose the mass view. When we especially have power, we easily tend to be bureaucratic and to rely on orders to the point that we force the masses to do things. Some cadres have declared that they would not want to organize collectives because collectives were of low level and there still existed exploitation in them. Was it the revolution, official stand or a stupid statement? We respect the low-level cooperatives, i.e., we still let them divide the income earned from the land and pay interest on the shares of capital people have contributed; to consider this way of doing work exploitation and to want cooperativization at a high level is to demand too much from the masses, just like entering combat action while knowingly having insufficient strength and lacking training. This is a misstep, a step that shows no respect for the process of development of things. Since the secretariat is very concerned about this matter, it has been reminding us of the principle of going from a low to a high level and from a simple to a complex state.

As we respect the law of development, we at the same time oppose the view of being complacent with what we now have. For instance, for the time being, we let the masses raise water buffaloes and harrow and plow the fields by themselves because we do not have many tractors yet. Since our cooperatives presently have little capital, they should not buy water buffaloes and then give them to laborers to use, but should let the latter buy them instead and then make plans for the use of the latter's animals. In this situation, it is rational to have this stand, but it will be a mistake to consider it good and unchangeable and to think that things will not develop otherwise. This is the distinction between revolution and reform. Reform is being satisfied with this way of resolving things, the unchanged way; as to revolution, it involves what we consider inappropriate for the future but suitable for the present and while using it we are determined to be on the offensive and to create favorable conditions for moving things forward. There are things that do not belong to the nature of the socialist system, but for the time being we are using them because they still bring about good results and positive effects on us, instead of looking for new things that do not exist yet and may bring about poorer results. For instance, in our past efforts to achieve market transformation, we considered the commercial capitalists and small business people our target for immediate elimination and transfer to the productive sector. We did that but failed to control the market, nor did we use appropriate forms to transform them while we still were inexperienced and naive in doing business. It was not difficult to transform gardens, but after they have been transformed, what would serve our purpose if people did not know how to buy and after buying how to sell, hence did not dare to buy in the first place? As to our efforts to transform fishery particularly, the secretariat has also reminded us that we should not act impatiently and force the masses to do things and has emphasized that we must go from a low to a high level and from a simple to a complex state, respect the aspirations of fishermen and effectively use their skills. We must respect production plans, production conditions and the nature of various occupations and then determine the forms of transformation to be applicable to each occupation if we want to achieve their development. We often make a common mistake -- to transform things for the sake of transforming and to blame our failure to purchase and difficult purchases on a lack of transformation. The purpose of transformation is to get hold of products and to manage labor. Naturally, after transformation has been achieved, our systematic management aimed at getting hold of products would be better, but that is not the highest and unique purpose. To develop production is the highest purpose. In the highlands, some people believed that transformation was aimed at controlling the masses before the enemy could seize this control -- that was not true! We should have used another form had we wanted this control, but on the other hand to transform that way was to serve the wrong purpose of transforming the production relationships. You see, that was the way some people understood things, the result of their authoritarian attitude and bureaucratic thinking, as they wanted to use orders to manage people, rather than managing them by promoting the spirit of ownership, initiative and creativity of all people and launching an enthusiastic mass movement in production and socialist construction.

We must respect the law of development, maintain continued progress and move forward with transitional steps, instead of jumping around and making missteps in the development process. Every jump that leads to a misstep will cause losses for the revolution. In the leadership process, every loss will reduce confidence, which is not easy to restore. The motivation behind our transformation is far from bad. We do not lack enthusiasm. But we still want to take the steps that the masses cannot catch up with and may lead to a decline because they are missteps. It is obvious that not only the masses but also we ourselves cannot accept them. The basic view that is used to evaluate the transforming task is to see whether production is developed on a continuous basis and whether every forward step made by the new production relationships promotes development of production.

We must also calculate the economic aspect of every step. In some localities, good forests have been destroyed to make room for growing rubber plants, while there still are bare hills and barren land. There has been a lot of reaction from the forestry sector. This is a matter we must seriously think about, for we work and bring interests to socialism, instead of fulfilling a task at any cost. As we hurriedly destroy a forest that is bringing about very good results and growing by itself to give each year tens of cubic meters of timber per hectare and plant other trees in its place, how many years do we have to wait before obtaining some results while a lot of land remains uncultivated? This does not mean we do not advocate growing rubber plants, but where to grow plants first and where later is a matter of results. In the transformation process, the fact that we swing from one side to another and remain unsteady results from a lack of production view. As we manage money, all we do is to manage money while failing to realize that we must manage money in order to push production forward and to develop it. To manage prices is not aimed at pushing production forward but rather maintaining prices. The achievement of a sector puts an end to efficiency in another sector. We are still unable to devise a unified basic view to influence the activities of all sectors and to be used as a yardstick to assist them in adjusting their own functions and working methods. This is one of the guiding and controlling ideological views mentioned in the secretariat's directives, from Directive 100 to Directives 19, 29, 35, 56, 65 and 67, which you have studied. All are aimed at how to step up production. The greatest problem we have now is how to provide society with large quantities of goods, products and grain. Everything we do we must seriously think about and take this basic view as our goal and purpose, rather than the purpose of fulfilling 100 percent just for the sake of earning some reputation or setting up many cooperatives just to show that our province is progressive and our movement is highly developed while production remains undeveloped. To develop production and to raise economic effectiveness is the most accurate standard and the most important yardstick for us to measure the results of economic forms. As to this or that aspect, there may be things that are far from very good, we will gradually overcome them in a relentless and active manner. Here there is a persistent and clear-cut view to the effect that our contracting system will eventually change, if not today then next year or a few years from now. We must say that everything, particularly in economic organization and management, will change, for nothing remains fixed and stationary. Contracting is also a form of management; and the substance of management must be progressive, management itself must develop in accordance with the process of development of the producing power, the production conditions and the capabilities of managers. But in terms of meaning, to positively determine responsibilities, authorities and interests being linked with the end products will make our contracting system last long. To creatively apply it in a more and more meticulous manner to our ever improving economic management is done not only with words but also with economic interests. We have been saying that we sacrifice ourselves for the future, tighten our belt and sacrifice for our children, but after 40 years the way to solve our problems must be different. A man who has lived his youth and is now a grandfather (maybe has retired) also demands that we immediately do something for him, for he can no longer wait. A few comrades have worried that the secretariat's directives do not ensure the socialist nature, go backward, make concessions to farmers, lower the movement and then need new transformation. This is a way of thinking that follows the old pattern, as I have explained earlier, without relying on the purpose and economic results of each form of transformation. The secretariat always reminds us that we must ensure ownership for everybody and every level, for people will be creative only if they can enjoy the ownership right, and in order to achieve this right, we must ensure their voluntary action and self-consciousness. For only through voluntary action and self-consciousness will people behave with zeal and enthusiasm, achieve good productivity and creativity and consider the work of society and collectives their own. Let us not act at our own convenience, for we often criticize farmers' private ownership as a matter of personal convenience when we get stuck. As we do agricultural work, we must be very serious-minded and, when we get stuck, try to avoid all forms of cruel, coercive behavior or any action that harms the interests of farmers, whom we often accuse of having a poor understanding of socialism when they refuse to follow us. We must be creative and look for correct forms and steps to take in order to make farmers agree with us. If we act in accordance with their aspirations, the masses will surely follow us, but I am afraid we may not act correctly.

The secretariat's directives all reflect this line of thinking. To sign product contracts with laborers, to develop the family-based economy and to assign land and forests is not to go backward. The same in production requires that we ask whether we need development of production or just state farms. We need many products of good quality and welcome any production collectives or cooperatives that bring about the greatest results. That is not a backward step but an appropriate action which should not be understood in a naive and simple manner as a "lowering." To lower what is ineffective is not painful at all, but it helps to bring about benefits. We do things in order to have good productivity, good quality and effectiveness, instead of saying what forms are the highest ones for us to use. As I have said earlier, to let individuals and communities both enjoy ownership and to turn individual strength into community strength and to combine it with the strength of units and localities creates a combined strength. The form of integration among the state-operated, collective and family-based levels -- the three-level integration -- is the new aspect of development. These levels are linked together into a mechanism. Quite a few state farms are involved in disputes with their localities about land. Although we may have a single state farm in a vast area of forests and mountains, this state farm still fights with the locality because the latter pastures its cattle in the state farm, or it may have seized land but has failed to make it productive and in the meantime leaves it as it is and prohibits trespassing by people and cattle. Our state forests do the same thing: while the local people are not masters, but the state forests are, the local people who live in a forest area are deprived of lumber for building their houses and firewood for cooking. If we were highlanders like them, would we accept this state of things? In spite of the high level of our education and understanding, we very likely would not accept it.

We affirm that our state farms have the responsibility for not only serving as a model but also acting as a locomotive to drive and influence other economic components. For instance, the coffee-growing state farms provide cooperatives with technical guidance and seeds, jointly serve them and through them help the coffee-growing families to deal with technical and seed matters. There must be combined efforts to create a mechanism. It involves the state-operated sector joining with the collectives through its labor, experience and material base and encouraging their growth, and at the same time the collectives encouraging both the family-based and individual economic sectors to create a very strong force for development. About coffee growing, in Dac Lac there currently are many good models of this type. The family-based economy can bring us only benefits; as we bring it into our system, to the corridor of the socialist economy, it will make society richer. This is a new development step. We must work quickly, starting with short-term crops and long-term industrial crops. About the marine products-based economy, let us build a rear-area base that supplies fishery cooperatives, production collectives and individuals with the means of production and living to allow them to go far to the sea and to concentrate on their catch, to promote fast development and to obtain greater results, rather than enlarge the state-operated fleet while we still lack capital. This is a matter of ensuring for the socialist economy to have breadth and depth and to develop quickly. With this mechanism, if we exert flexible, lively and unanimous leadership and apply it with patience, it will bring us fast development under our country's still-poor conditions.

We must not think that in the socialist economy, there is only the state-operated force that is the reliable one, that the collective force is not as reliable as the state-operated force and that individuals become the opposition and dangerous force. We must build a mechanism that makes all forms of individual, collective and state-operated labor organization join together and emulate one another to develop production in the most effective manner.

5598
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ECONOMIC PLANNING, TRADE, AND FINANCE

RECENT CHANGES IN THE MARKET NECESSITATE NEW MEASURES

Hanoi DOC LAP in Vietnamese 13 Nov 85 p 3

[Article by Ngoc Son, of the Ministry of Finance: "The Market Over the Recent Past"]

[Text] Complicated Developments

Just before and after the state carried out the currency recall and exchange and announced the leveling of prices and the new wage system, there were some rather complicated developments in the market due to monopolizing by a number of persons who performed such speculative acts as hoarding goods and raising prices to cheat the consumer. They also spread rumors of collapse to cause adverse public opinion and the opportunity to hoard money and goods. In committing these acts, the swindlers conducted many scams, not openly, but through furtive and devious contact with a number of errant cadres and trade personnel in order to hoard materials and merchandise; they then hid it away "in storage," divided into small portions and secretly disguised, in places that would never be suspected.

In fact, in these circumstances, many socialist commercial outlets did not fulfill their role of leadership in stabilizing prices and stabilizing the market. There seemed to be evidence everywhere of business reflecting a free-market structure. A number of trade personnel made under-the-counter deals with illegal merchants, used inaccurate weights and measures, and arbitrarily changed prices and categories of merchandise for a profit.

Preliminary Results

Public opinion held that it had reached the point that the speculators who were damaging the market could no longer be appealed to, educated, or given administrative punishment on an individual basis. Public opinion reflected agreement with and support for many localities that recently increased inspection and control and severely punished speculators, smugglers, and counterfeiters. In only a short period of time, many persons engaged in criminal ways of life in such large cities as Ho Chi Minh City, Haiphong, and Hanoi and a number of other places were exposed one after the other and peremptorily punished. During the first 2 weeks of October, Ho Chi Minh

City prosecuted 50 speculators and smugglers, sentencing them to imprisonment for 1 to 12 years. One inspection team in Subward 1, Ward 6, uncovered 4 places where contraband was stored that was valued at over 100,000 dong (in new bank money). There were such people as Tran Quy Huong, in Ward 8, who was hoarding nearly 900 meters of various fabrics along with many other goods, such as soap, towels, and clothing. In Hanoi, public security police in Hai Ba Trung Ward uncovered and made arrests in 36 cases of speculation in goods valued at 150,000 dong (new money); there were 32 cases in Hoan Kiem Ward, at a value of over 100,000 dong (new money), with many valuable goods such as gold, gasoline, cement, and electronic merchandise. There were such people as Tran Quy Khang, in Kham Thien Ward, who was hoarding goods valued at 50,000 dong (new money), including bolts of many different kinds of fabrics and other goods. Nguyen Thi Thanh, 3 Thanh Ha Street, and Pham Thi Nga, Phung Hung Street, Hoan Kiem Ward, specialized in speculation on fabrics. Inspection of Thi Thanh's house uncovered many types of false documents used in support of their illegal activities. Public security personnel of Cua Dong Subward exposed Nguyen Thi Kim, who specialized in the sale of explosives, which she supplied to contraband firecracker production "plants," and confiscated 14 kg of explosives, 2 kg of fuzes, and nearly 200 firecrackers with counterfeit labels of the "Hanoi Firecracker" brand, which were to be rushed out on the market during he coming Tet season.

This time, worker inspection teams are participating in the effort of authorities to apprehend and prosecute speculators, smugglers, and counterfeiters and uphold pricing discipline. In Ho Chi Minh City, all the large markets and centers of goods circulation have increased practices of close price control. In just the districts of Binh Thanh, Go Vap, Phu Nhuan, Hoc Mon, Thu Duc, and Tan Binh and Wards 4, 6, and 11, a simultaneous inspection of 400 sales outlets resulted in the prosecution of 200 cases of inaccurate weights and measures and prices at variance with set amounts; 21 of the outlets belonged to the state-operated trade sector and marketing cooperatives. The Hai Phong Party Committee directed sectors and levels to strictly adhere to the pricing system of the state and to maintain pricing discipline. The city further decided that state-operated trade outlets and marketing cooperatives that raised prices in the days before the currency conversion must turn over the difference in price to the state treasury. Regarding private merchants, the city decided that taxes for September would be 3-5 times higher than usual. The provinces of Vinh Phu, Hai Hung, Quang Nam-Da Nang, Binh Tri Thien, Long An, and An Giang all instituted many measures aimed at positively maintaining prices and rapidly stabilizing the market and stabilizing life for cadres and workers.

It is worth note that a number of cadres and members of state agencies have been exposed for under-the-counter deals in goods of the state with private merchants. One of these was Nguyen Thi Thuan, manager of Refreshments Stand No 454, on Tay Son Street (Dong Da Ward, Hanoi), who diverted hundreds of cans of milk in one day! The contraband bread bakery of Le Nghiem, of Court 14, Mai Dong Subward (Hai Ba Trung Ward), had received nearly 6 quintals of wheat flour diverted by one Thu, head of the consumer cooperative of the

Hanoi foodstuffs production plant. Under interrogation, Thu confessed that he had sold 5,384 kg of wheat flour to private merchants. Thi Than, head of the Nguyen Cong Tru food store, was caught red-handed making illegal profits with a number of bad trade personnel in collusion with operators of an illegal rice sales ring.

Matters To Be Seen To

Although much has been done to control commodities, improve business practices, and grasp control of the market, what is easy to see is that the grasp of state-operated commerce and marketing cooperatives is still very limited. There are still many sectors of the market where private merchants have the upper hand, such as the "open-air" sale of bicycle and auto parts and Western drugs, component parts for many things, and electrical appliances. Many marketing cooperatives allow private merchants to push their way into wrongful business or profit-making activities. However, detailed investigation reveals that there are also complications that adversely affect business activities of marketing cooperatives. For example, there is a commerce agency in Hanoi that requires cooperatives that want goods distributed to them to pay for them in advance. Or there is the matter of extracting the state's share of profits: the finance agency gives very detailed instructions on how to do it, but the marketing cooperative sector gives different directions for extracting it, and the installation does not know the current prices set by the state, and only draws the line at punishment for violation the pricing regulation.

Matters needing attention are the need for centralized, concrete guidance in market management according to law, and avoiding difficult, dispersed inspections at variance with policy, which lead to harassment and have an adverse effect on the circulation of goods.

For a long time now, market management and reform have lacked thoroughness and continuity. Those engaged in lives of crime, therefore, had only to cease activities for a while, then come out and resume operation. Many cases are not being prosecuted in a timely and resolute way. In some state agencies cadres and personnel who have done something wrong only receive "internal punishment"; even if they do something seriously wrong, they only receive brief and general criticism, which has no educational effect and fails as a deterrent to crime. The time has come to severely punish those persons that act contrary to the economic policy of the state, including degenerate state personnel and cadres who conspire with illegal merchants. This is the only way to deny those leading lives of crime outside society what they depend on to get goods and hurt the market.

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HEAVY INDUSTRY AND CONSTRUCTION

BELGIAN GROUP SEEKS VIETNAMESE OIL

Sydney THE AUSTRALIAN in English 26 Dec 85 p 11

[Text] Hanoi--Belgium's Petrofina group is likely to become the first Western company with oil prospection and exploitation rights off the Vietnamese coast, according to sources.

They said yesterday that Petrofina could be signing an agreement which was under negotiation for more than a year, by the middle of next year. The basic outlines were set, but a certain number of points remained to be discussed.

Petrofina negotiators had lengthy talks last month with Vietnamese oil and gas officials. The Belgians are due to return early next year to finalise the accord, the sources said.

The agreement would mean an end to the monopoly held by the Soviet-Vietnamese joint venture, Vietxopetro, on oil prospection in that region of the South China Sea.

The sources said Petrofina would have the right to look for and exploit oil in one or two lots off the central coastal city of Danang, an area so far unexplored.

An agreement of this type generally covers 20 to 30 years. Experts estimate that Petrofina may invest tens of millions of dollars for exploration and half a billion for exploitation.

The negotiations are part of Vietnam's bid to persuade foreign oil companies, particularly those in the West, to take a look at the reserves under the continental shelf in the South China Sea.

A delegation from the Italian company, Agip, came to Hanoi a few weeks ago go discuss the possibility of working in Vietnam. India and Vietnam agreed last month to cooperate on offshore oil efforts.

But Western experts here said no concrete developments were expected on either the Italian or Indian fronts in the coming months.

Vietxopetro, meanwhile, has decided to quadruple its investments and accelerate prospection, according to the Vietnamese Communist Party daily, Nhan Dan.

The newspaper said the Vietnamese and the Soviets were now condentrating their efforts on exploiting discovered oil as quickly as possible.

Vietxopetro now has one platform operating, but experts said the most optimistic estimates called for at least another year or two until the project would reach a level of industrial production.

The oil discovered so far off the Vietnamese coast has been either of average quality because of its high paraffin content, or difficult to exploit for geological reasons.

Experts said because of it, advanced technology, now found only in Western companies, would be needed. Agence France-Presse

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LIGHT INDUSTRY

DIRECTIVE REQUESTS GREATER SECTOR NEWSPAPER SUPPORT

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 13 Dec 85 p 2

[Unattributed article: "Chief of the Central Federation of Handicraft Industry Cooperatives Issues Directive on Writing, Buying and Reading TIEU CONG NGHIEP THU CONG NGHIEP (excerpt)"]

[Text] On 30 November 1985, the Chief of the Central Federation of Handicraft Industry Cooperatives issued a directive on writing, buying and reading TIEU CONG NGHIEP THU CONG NGHIEP. The text of the directive is as follows:

The newspaper TIEU CONG NGHIEP THU CONG NGHIEP, an organ of the Central Federation of Handicraft Industry Cooperatives, came into being more than 15 years ago. During the process of operations, the paper has grown along with the entire sector, and has made a worthwhile contribution to political and ideological as well as production and business work in the small industry and handicraft area. Along with its achievements and strong points, the paper also has not a few weaknesses and shortcomings that must be overcome in order to rise to answer the requirements of the new situation and mission and the expectations and desires of the readers, especially the readers at the primary level.

Purchase and reading of the newspaper are not uniform and are generally poor. Some provinces buy a relatively large number such as Hau Giang with 860 copies, Thai Binh with 260 and Ha Son Binh with 236 but there are also locations with extremely few purchases such as Tay Ninh with 5 copies, Lai Chau with 8 and Ben Tre with 10. There are even some localities in which key management cadres of the provincial and municipal cooperative federations have not yet read TIEU CONG NGHIEP THU CONG NGHIEP.

At the present time, in order to implement the Eighth Resolution of the Party Central Committee, Resolution 28 of the Political Bureau, and Decree 279 and Directive 211 of the Council of Ministers (on the function and mission of the Federation of Handicraft Industry Cooperatives), improving the quality and the effectiveness of TIEU CONG NGHIEP THU CONG NGHIEP is an extremely important job of the entire sector. The Management Board of the Central Federation of Cooperatives requests that cooperative federations at all levels and all subordinate sections and units carry out the following tasks:

1. The Editorial Board of TIEU CONG NGHIEP THU CONG NGHIEP, based on the mission nature and objective, has actively proposed improvements of the contents

and form of the paper in order for TIEU CONG NGHIEP THU CONG NGHIEP to truly become a supervisory tool of the Central Federation of Handicraft Industry Cooperatives Management Board and the voice of the laborers in the small industry and handicraft area: in conjunction with upholding the ideological and combat spirit, the paper must be made to have a greater appeal to the cadres and cooperative members while simultaneously eliminating state subsidies, conducting economic accounting practices and promoting publication for increasingly greater dissemination among the masses; and strengthen supervision and perfection of the publishing detachment while regularly coordinating and cooperating with the post and telegraph sector to permit the paper when published to reach the hands of the readers in a rapid and complete manner without unnecessary trouble.

2. Cooperative Federation Management Boards at all levels must consider the paper as an essential means of their own sector for conducting political and ideological work as well as supervising basic units in business and production management and striving to propagandize and encourage many people to buy and read the paper, especially at the basic level. The struggle objective must be for each labor cooperation team and shop to receive a paper (not counting the copies received by management agencies at all levels such as: subwards, wards, districts, towns, cities, provinces, municipalities, special zones, etc. where purchases are made for study and further distribution to related agencies). The purchase price of the paper is extracted from the welfare fund of the cooperative and the sector expenditures of the province and municipality (depending on the situation of each location with appropriate stipulations). Procedures for subscription purchases have been available since the end of 1985 from the local post and telegraph agency.

3. The Political Section of the Central Federation of Cooperatives and cooperative federations at all levels must give concern to building the paper, seeking every means to introduce the paper, monitoring and encouraging buying and reading the paper, writing articles, and providing information, considering buying and reading TIEU CONG NGHIEP THU CONG NGHIEP as a standard when examining the emulation achievements of the local area and unit. At the same time, guide the primary level production units in organizing a movement among the masses to read and follow the paper. The political sections of provincial and municipal cooperative federations must assign one cadre the mission of purchasing and reading the paper and writing articles while simultaneously enjoying benefits of a spiritual nature (such as advanced training, vocational guidance, incentives, etc.) and a material nature (such as prizes, compensation and cash awards in accordance with the current system).

4. Cadre, financial, production and office organization sections of cooperative federations and material corporations have a responsibility to assist the Editorial Board of TIEU CONG NGHIEP THU CONG NGHIEP in the tasks of: improving the apparatus, supplying capital, material and means of operation, business planning, etc.

5. Small industry and handicraft cadres, workers and cooperative members must uphold a concept of responsibility toward the sector paper, actively respond to readers' movements, work in accordance with the paper, write articles for and provide information to the paper, contribute opinions on building the paper,

and actively assist the cadres and correspondents of the paper when they arrive to work in the local area and primary level unit.

This directive must be promptly disseminated to the primary level units and strictly executed. Local areas and units are requested to immediately report any difficulties during implementation to the Management Board of the Central Federation of Enterprises.

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TRANSPORTATION AND COMMUNICATIONS

DAC LAC TRANSPORTATION ENTERPRISE FIGHTS NEGATIVISM

Hanoi GIAO THONG VAN TAI in Vietnamese 19 Dec 85 pp 5, 7

[Article by Nguyen Tan Han, Dac Lac Broadcasting Station: "Dac Lac Transportation Vehicle Enterprise Strives To Stop Negativism"]

[Text] During the years of 1977 and 1978, the Dac Lac Cargo Transportation Vehicle Enterprise ably served the southwestern border fighting and was awarded the Independence Order by the party and state. Also for many subsequent years, the enterprise successfully fulfilled its cargo transportation mission and was awarded many commendations and outstanding emulation banners by the Provincial People's Committee. However, according to statements by leaders of the transportation sector, the enterprise's achievements have gradually "paled" over the past several years because of a great many negative occurrences right in the Dac Lac Cargo Transportation Vehicle Enterprise during the past 3 years, causing "headaches" for the enterprise leaders and reduced confidence among the masses. The commonly occurring negativisms here are: drivers hauling contraband goods for peddlers, stealing supplies and spare parts, becoming involved in fatal accidents while driving drunk, gambling with each other, engaging in superstitious practices, being taken advantage of and bribed by reactionaries to flee the country, and engaging in speculation; warehouse custodians and accountants conspiring with each other to spirit supplies and commodities out of the enterprise for sale in search of profits; administrative and protection personnel arrogantly and overbearingly agitating the drivers and work-related customers, etc. According to data from recent inspections, the enterprise had 56 violations in the forms above, resulting in losses of state property worth more than 1,424,000 (one million, four hundred and twenty four thousand) dong. A prime example is the case of Tran Van Giap, an enterprise driver who, from the beginning of 1985 to last September, took advantage of his equipment to invest in bottled beer. The public security forces of Buon Ma Thuot City searched his home, vehicle and beer storage tank; Giap was arrested and confessed that for each tank of beer hauled from Ho Chi Minh City and sold to private bar operators, he made a profit of 300 dong.

The situation above could not be allowed to continue. Last October, the party committee, board of directors, trade union executive committee and Ho Chi Minh Communist Youth Union of the enterprise were aided by the provincial public security forces and the trade union federation in developing a phase of political activity oriented toward the themes of studying, thoroughly understanding and implementing Joint Resolution 01 of the Ministry of Interior and Vietnam Confederation of Trade Unions on developing the collective ownership rights of cadres, workers and civil servants, ensuring the security of the fatherland and protecting socialist property, in close connection with study and thorough understanding of Resolution Eight of the Party Central Committee. In order for this phase of political activity to achieve results, the enterprise established a guidance committee including the secretaries of the party organizations, party chapters, youth unions and basic level trade unions and trade union detachments. The committee established four objectives for study and thorough understanding of the resolutions: the first being the drivers; the second the vehicle mechanics; the third the warehouse custodians; and the fourth the personnel engaged in administration, protection, support, management, etc. The results were that more than 400 cadres, workers and civil servants of the enterprise participated in study and thorough understanding of the resolutions (83 percent, with drivers making up 69 percent of the total engaged in study). The committee supervising the enterprise's political activity phase skillfully coordinated the transmittal and explanation of Joint Resolution 01 and Resolution Eight of the Party Central Committee with education on the traditions of the "brave, intelligent and creative" transportation sector with each individual reviewing the achievement of his own job during the recent past and leaning toward developing his strong points and overcoming his weaknesses in the near future. Many workers who have always violated driver discipline and ethics but were not known or discovered such as Thuong, Hiep, Ngoan, etc. hauling contraband goods for peddlers, filching goods from their vehicle, allowing their cargoes to become wet, conspiring with warehouse custodians to acquire additional gasoline, oil, spare parts, etc. have boldly reviewed and reprimanded themselves through this phase of political activity and have made suggestions to the board of directors and organization executive committees to forgive them and assist them in progressing. Concluding the phase of political activity, the enterprise classified the cadres and workers into 238 type A, 130 type B and 32 type C individuals. After analyzing the qualities of cadres and workers, the Dac Lac Cargo Transportation Vehicle Enterprise engaged in management improvement and organization in accordance with the spirit of Resolution Eight of the Party Central Committee. The enterprise reduced the indirect administrative staff by 12 people (26 percent of the indirect cadres and workers) by shifting them to direct participation in production; dismissed four drivers and five mechanics who had become degenerate and deviant; and also dealt with a number of protection personnel with insufficient standards and ethics.

To the present time, the Dac Lac Cargo Transportation Vehicle Enterprise has made new changes both in the concept of responsibility and the revolutionary actions of the cadres and men. The ranks of drivers have upheld a concept of mastering their equipment, their cargoes and their time. During the past 2 months of October and November, the enterprise no longer had a situation of drivers carrying contraband goods for peddlers; drinking while driving; burning incense in front of their vehicles; or selecting their departure and return dates. The time required for each trip has been reduced as has the percentage of cargo damage and loss en route. For example, the trip from Buon Ma Thuot to Hanoi which previously took 15 days has now been reduced by 5 days; and the trip from Buon Ma Thuot to Ho Chi Minh City of 5 days has now been reduced by 2 days. Of special interest, at the end of October, an enterprise convoy safely transported 100 tons of grain from the province to aid the people in Binh Tri Thien on a round trip taking only 1 day and 1 night. The percentage of damaged and lost cargo en route has been reduced to below the stipulated state level. Specifically, rice has been reduced by 1 percent, beans of all types by .8 percent, coffee by .32 percent, fertilizer by 1 percent, etc. Besides that, since the phase of political activity to study and thoroughly understand Joint Resolution 01 of the Ministry of Interior and the Vietnam Confederation of Trade Unions and Resolution Eight of the Party Central Committee, the Dac Lac Cargo Transportation Vehicle Enterprise has encouraged the drivers to save 68,000 liters of gasoline and 20,000 liters of diesel fuel; and to recover for the state a number of cargo items previously considered as lost with a value of nearly 210,000 dong.

The changes and progress above are only the first step. Under the direct leadership and supervision of the party committee and the board of directors, the cadres and workers of the Dac Lac Cargo Transportation Vehicle Enterprise are all participating in the establishment of economic and technical norms, cost recalculation and labor force rearrangement and redeployment consistent with the production capabilities of the enterprise and in accordance with the spirit of Resolution Eight of the Party Central Committee. The enterprise is ably achieving the 180 day-night phase of emulation (from October 1985 to March 1986) of the entire sector with a high level of ability, quality and effectiveness, first of all outstandingly completing the 1985 cargo transportation plan and mission to effectively make achievements to commemorate the 20th anniversary of the Vietnam communications and transportation sector (25 March 1966-25 March 1986).

7300
CSO: 4209/249

WORKER POINTS OUT UNFAIRNESS IN NEW WAGE SYSTEM

Hanoi LAO DONG in Vietnamese 14 Nov 85 p 2

[Article by T.TH.: "New Wage, Old Wage"]

[Text] During the lunch hour, our team usually discusses everything under the sun: politics, economics, foreign trade, and art, as well as happenings in the lives of us girls. At lunch today, we discussed the new wage and the old wage.

One young woman on the team started the discussion with: "The new wage is a little higher than the old wage. That's OK!"

A young woman who has a reputation for being level-headed said, "At first glance it seems to be so, but the new wage has more of a leveling tendency. With the new wage, a level-7 machinist makes 1.45 times that of a level-1 machinist, while he made 2.5 times as much under the old system. There seems to be only a 1.32-times difference in light industry. My sister in the Municipal Statistical Branch told me that the entire textile sector of Hanoi has 8,659 workers, but only 2 level-7 workers, but the sector has 92 engineers, and the entire civil-use electrical enterprise also has only 1 level-7 worker, but as many as 10 engineers. That shows that the training of a level-7 worker is more difficult than the training of an engineer, yet the wages of top-level workers are low."

The young woman who started the conversation said, by way of conclusion, "So only a small number of leaders like the new wage! You know, K., a level-7 worker, turned down an offer to become head of our plant, and Q., a level-6 worker everyone considered stupid during the old system, has been made assistant chief. Now, under the new wage system, Q.'s wage is higher than K.'s. A raise in position will therefore be better news from now on than a raise level." If the bell had not signaled the end of the lunch hour, the girls on my team would have probably kept talking about wages until late at night. What they said turned out to be true. I wonder if the economists, when they formulated the new wage system, considered the matters we talked about?

9830
CSO: 4209/246

LABOR

FIRST REGULATION PUBLISHED ON WORKERS' CULTURAL CENTERS

Hanoi LAO DONG in Vietnamese 14 Nov 85 p 5

[Text] On 15 September this year, the Secretariat of the Vietnam Confederation of Trade Unions issued its "Resolution on Promulgating a Regulation on the Organization and Operation of Provincial and Municipal Workers' Cultural Centers."

The regulation has 5 sections and 13 articles clarifying what persons are served by workers' cultural centers, what operational principles apply to the formation of centers, how to organize and lead them, and how their material and financial base is provided.

Not counting thousands of basic-level clubs, a network of provincial, municipal, district, ward, and industrial area workers' cultural centers has formed under trade union management. This regulation of the Vietnam Confederation of Trade Unions applies to all province-level cultural centers of that network (excluding the Hanoi Vietnam-Soviet Friendship Workers' Cultural Palace, which has its own regulation).

Following are a number of articles excerpted by LAO DONG from the regulation.

Article 1: The provincial or municipal workers' cultural center is a center of educational propaganda and cultural activities as part of the trade union propaganda and training network managed by the local trade-union federation, which also organizes its activities.

Article 2: The principal persons served by the workers' cultural center are trade union members, workers, civil servants, and their families (including retired and disabled ex-workers).

Article 3: Workers' cultural center activities are conducted for the purpose of political and ideological education and supplementary development of cultural knowledge and scientific and technical knowledge; of responding to the need to appreciate and create art and culture on the part of the laboring masses; of contributing to building up worker and civil servant ranks; and of comprehensively developing the new socialist man.

Article 6: Propaganda, educational, artistic, and cultural activities in workers' cultural centers must be conducted under the leadership of the party and centralized management of state culture.

Article 7: The Cultural Center Council is advisory in nature; it is to assist and supervise the activities of the workers' cultural center. Members of the council are enthusiastic cadres and specialists that have knowledge and experience in fields related to activities of the cultural center. The council is approved by decision of the Standing Committee of the Trade Union.

Article 10: The organization of the provincial or municipal workers' cultural center is proposed by the local federation of trade unions and approved by the Confederation of Trade Unions. Cadres and personnel working in cultural centers must be selected, must be employed in an occupation on the official list, and must have the character of persons active in cultural spheres.

The workers' cultural center can recruit personnel to do contract work according to programs set up by the state and can organize networks of personnel, including cadres and specialists with various skills, to participate in all activities of the cultural center.

Article 11: The property of the workers' cultural center is all the buildings, equipment, and material base presently on hand or added (including money and in-kind items). The director of the laborers' cultural center must organize the use and management of these assets.

Management must follow the common regulations of the state and the Confederation of Trade Unions.

Article 12: Funds of the workers' cultural center come from two main sources:

a. They are issued through management of the trade union according to the annual plan.

b. They are collected through activities of the cultural center.

Also, supplementary funds are available for issue from the local budgets, or can be obtained by contributions (within reason) from local units in accordance with the general system of the state.

Workers' cultural centers must formulate a yearly budget proposal for approval by the Standing Committee of the Confederation of Trade Unions and integrated into the budget of the local trade union chapter. Statistical accounting must be performed according to regulations of the state and the Confederation of Trade Unions.

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END

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TAP CHI CONG SAN

No 11, November 1985

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VIETNAM

TAP CHI CONG SAN
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Except where indicated otherwise in the table of contents the following is a complete translation of the monthly theoretical and political journal of the Vietnam Communist Party published in Hanoi.

CONTENTS

Fraternal Friendship and Cooperation (pp 1-6)
(Editorial).. 1

Photograph of Le Duan and Gorbachev in Moscow, July 1985

An Event of Great Importance in the Cambodia Revolution (pp 7-11)
(Unattributed article)... 7

Salutatory Address by General Secretary Le Duan at the 5th Congress
of the Kampuchean People's Revolutionary Party (pp 12-16).............. 13

The Resolution of the 8th Party Plenum and the Urgent Tasks
on Theoretical Work (pp 17-23)
(Nguyen Duc Binh).. 17

Winning Victory over the Enemy's War of Encroachment and Occupation
Along the Border (24-28)
(Le Ngoc Hien)... 25

Grasping the Spirit of the Resolution of the 8th Plenum of the Party
Central Committee (pp 29-34)
(TAP CHI CONG SAN)... 31

Fully Developing upon the Positive Impact of the Improvements Made
to Wages (pp 35-39)
(Tung Van)... 38

[III - ASIA - 107]

Thoroughly Understanding the Party's Views in the Adjustments Made to the Price System (40-42)
(Tran Xuan).. 44

Revising Our Economic Thinking (pp 43-48)
(Nguyen Dang Quang).. 48

Forty Years of Developing the Ownership Role of Workers and Farmers (pp 49-53)
(Nguyen Huu Dao)... 56

Concerning the Matter of Raising the Quality of Conferences (pp 54-55)
(Phan Van Dang).. 62

The Crop Insurance Corporation and Agricultural Production Within Kien An District (pp 56-61)
(Ngo Van Duong).. 65

Looking Back on the Diplomatic Front over the Past 40 Years (pp 62-68)
(Hoang Nguyen)... 72

Some Facts and Figures on Vietnam-Soviet Union Economic and Cultural Cooperation (pp 69-75)
(Unattributed article)... 81

The Dialectical Thinking of F. Engels and Economic Thinking (pp 76-81)
(Hong Long).. 87

Angola: 10 Years of Building and Fighting (pp 82-84)
(Ho Bat Khuat)... 94

China: the Consequences of the "Open Door" Policy (pp 85-88)
(Phuong Son)... 98

Cover Pages..102

Index to TAP CHI CONG SAN, No 11, November 1985
(JPRS)...105

FRATERNAL FRIENDSHIP, COMPREHENSIVE COOPERATION

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 1-6

[Editorial]

[Text] Along with the Soviet people and the laboring people of the entire world, our people joyfully celebrate the 60th anniversary of the great October Revolution.

In celebrating the anniversary of the October Revolution, we are celebrating the pinnacles of socio-economic and scientific-technical progress that have been reached by the Soviet Union under the leadership of the CPSU, a new style party, a party of revolutionary thinking and revolutionary action. The unparalleled achievements that the Soviet people have recorded in their cause of perfecting developed socialism are bright examples for those countries that are now building socialism and struggling for national liberation to follow. We are also celebrating the unity, solidarity, rapid growth and development and the stability of the socialist community, the pillar of which is the Soviet Union, celebrating the growth of revolutionary and other progressive forces in the world.

Besides these great joys, we are also heartened by and proud of the fine development that has taken place in Vietnam-Soviet friendship and cooperation.

Our party has pointed out: friendship and comprehensive cooperation with the Soviet Union "are a guarantee of victory by our people in their work of defending the fatherland and building socialism as well as a guarantee that our national independence and the position of socialism on the Indochina peninsula will be strengthened..."(1) Fully aware of the importance of Vietnam-Soviet friendship and cooperation, we do all that we can to make them increasingly solid and strong, increasingly fruitful.

Vietnam-Soviet friendship, illuminated by the thinking of the great October Socialist Revolution, by the thinking of Lenin, has deep roots and well established traditions and has been challenged in the various stages of history, both in times of violent war and times of peace. The October Revolution awakened Vietnamese patriots and brought Marxism-Leninism, the truth of our age, to the working class and people of Vietnam, thereby lighting the way to national liberation and social emancipation. During the country's long night of slavery, Nguyen Ai Quoc, the first communist of Vietnam, found in Leninism the way to save the people, save the country. When he read Lenin's "Theses on the National and Colonial Questions," his joy was so great that he burst into tears. Sitting alone in his room, he said in a loud voice as if addressing the masses: "My abused and suffering fellow countrymen! This is what we need, this is our path to liberation!"(2) Possessing absolute confidence in the path of Leninism, he overcame countless difficulties, travelled to the Soviet Union, the homeland of Lenin, and, with that, laid the foundation for Vietnam-Soviet friendship. And, throughout his life of tireless revolutionary activities, he worked hard to constantly make this friendship a closer friendship.

Educated and trained by Nguyen Ai Quoc, Vietnamese revolutionary militants, even during the years and months of clandestine activities conducted in the face of the threats posed by the guns, bayonets and prisons of the French colonialists, found in the Soviet Union a tremendous source of hope, confidence in inevitable victory and strong inspiration. Considering the Soviet Union to be the home of socialism, to be the beautiful image of the Vietnam of tomorrow, Vietnamese communists have, from the very beginning, always considered protecting the gains of the October Revolution and supporting the Soviet Union to be their international obligation. And, also since the beginning, the fatherland of the October Revolution has always stood shoulder to shoulder with our country in all stages of the Vietnamese revolution. The founding of the Democratic Republic of Vietnam, the first worker-peasant state in Southeast Asia, was closely associated with the victory won by the Soviet people in the great patriotic war, the victory that defeated German fascism and Japanese militarism. The victory in the war of resistance against the French colonialists ushered in a new era in the friendly relations between the two countries of Vietnam and the Soviet Union. In July 1955, President Ho Chi Minh led a delegation of our party and government on the first official visit to the Soviet Union. During the negotiations held with Soviet leaders, numerous issues concerning Soviet cooperation and assistance were discussed with the aims of stimulating the economic and cultural development of newly liberated North Vietnam and making the North the solid foundation and base of the revolution in the South. The results of these negotiations took the form of agreements between the two governments of Vietnam and the Soviet Union, the implementation of which helped to make the plans set forth by our party a reality of life.

When the U.S. imperialists were waging their war of aggression against the Vietnamese, the Soviet Union and other socialist countries again stood shoulder to shoulder with us and lent our people wholehearted spiritual and material support and assistance with a view toward winning victory over the U.S. imperialist aggressors. This tremendous and effective support not only helped us to strengthen the country's defense capabilities but also made it possible for us to continue to build the economy under war time conditions. Evaluating Vietnam-Soviet friendship and cooperation during the years of the struggle against the U.S. aggressors, Le Duan said: "The party, government and people of the Soviet Union always stood beside the Vietnamese and never wavered from giving the Vietnamese wholehearted support and generous assistance, support and assistance that reflected the full measure of a noble international spirit"(3); and: "The total victory of the resistance against the United States for national salvation would have been impossible without the strong support, without the very large, valuable and effective assistance provided in many areas by the Soviet Union."(4)

During the final years of the 1970's, the friendship and cooperation between Vietnam and the Soviet Union again reached a new level of development. The Treaty of Friendship and Cooperation between the Socialist Republic of Vietnam and the Union of Soviet Socialist Republics signed in November 1978 was an important event in the political lives of the peoples of the two countries. This historic document is not only of special importance because it has broadened the scale of Vietnam-Soviet cooperation in all fields and created the conditions for the peoples of the two countries to provide each other with greater support in the work of safeguarding peace and in creative labor, but is also of tremendous international significance. It is an integral part of the system of agreements that are considered to be the political-legal foundation of the fraternal alliance among the countries of the socialist community. It has helped to strengthen the unity and solidarity of the socialist community and is a dependable tool in the struggle to safeguard peace, the struggle for the security of all nations and the struggle for justice and equality in international relations.

The year 1985 witnessed a new event of special significance from the standpoint of Vietnam-Soviet friendship. It was the official visit of friendship to the Soviet Union by a delegation of our party and government led by Le Duan (from 26 June 1985 to 1 July 1985). This visit, which occurred as preparations were being made for the 6th Congress of the Communist Party of Vietnam and the 27th Congress of the CPSU, was a new, warm expression of Vietnam-Soviet fraternal friendship, was an extremely important milestone marking a stage of higher and broader development in the comprehensive cooperation between our country and the Soviet Union. Evaluating the results of this visit by Le Duan, M.S. Gorbachev, general secretary of the Central Committee of the CPSU, said: "Soviet-Vietnam relations have now reached a new level of development and become an integral part of the social life of the peoples of our two countries... The negotiations...confirmed that the fraternal relations between the Soviet Union and Vietnam, which rest upon a solid foundation that has been tested, the foundation of Marxism-Leninism and socialist internationalism, satisfy the basic interests and aspirations of the peoples of our two countries and are in the interest of world peace."(5)

The determining factors in the continuous development of Vietnam-Soviet friendship and cooperation are the complete agreement between the two parties and states of Vietnam and the Soviet Union concerning vital issues with which both sides are concerned in the building of socialism and communism and the close coordination of actions between the Communist Party of Vietnam and the CPSU based on a common ideology, on mutual respect and trust and on common goals in the struggle for peace, for the success of socialism and communism. This consensus is reflected first in the fact that the two parties and governments of Vietnam and the Soviet Union have a high evaluation of the achievements that have been recorded in every area by the people of each country under the leadership of their vanguard party. These achievements are eloquent proof that the line on socialist construction in Vietnam adopted by the Communist Party of Vietnam and the line on perfecting developed socialism and building communism in the Soviet Union adopted by the CPSU represent the correct and creative application of Marxism-Leninism to the specific circumstances of each country. On the basis of this evaluation, the two parties maintain that exchanging experiences in party building in the fields of politics, organization and ideology and strengthening the ties between the two states are necessary and beneficial. From the standpoint of international issues, this consensus is expressed in the identical viewpoints we hold concerning the complex international situation today and the identical guidelines we have for resolving the most pressing questions of our times throughout the world and within each region. Our party totally supports the Leninist foreign policy of the CPSU and soviet state and welcomes the consistent line and the peace policy of the Soviet Union, which reflect nothing but good will and a high spirit of responsibility toward the destiny of mankind and have the aims of stopping the arms race, reducing tensions in the world caused by reactionary circles, headed by the U.S. imperialists, and moving mankind away from the threat of a nuclear holocaust. The CPSU emphatically supports the struggle of the Vietnamese, in particular, and the peoples of the countries of Indochina, in general, to defeat the schemes of the imperialist and hegemonist powers and fully supports the constructive line and practical measures taken by the Socialist Republic of Vietnam, the People's Democratic Republic of Laos and the People's Republic of Cambodia to improve the situation in Southeast Asia and create an atmosphere of good neighborly relations, trust and cooperation within the region.

One of the primary elements of Vietnam-Soviet relations is economic and scientific-technical cooperation. This cooperation has increasingly shown itself to hold large possibilities and potentials. In the present stage, our main tasks in this field are to "increase the effectiveness of cooperation, improve all bilateral economic relations on a long-term and planned basis, continue to develop the specialized production sectors and carry out mutually beneficial, goal oriented programs."(6) In the field of economic and scientific-technical cooperation, we are exceedingly moved by the fact that the Soviet Union has constantly provided Vietnam with increasing assistance in every area. The amount of economic aid received during the years from 1976 to 1980 equalled the entire amount received during the preceding 20 years. During the years from 1981 to 1985, the volume of economic aid doubled compared to the period from 1976 to 1980. Through the economic and technical assistance of the Soviet Union, we have been able to restore, enlarge or build more than 200 basic units in practically every sector of the economy. The Soviet Union has also helped us to provide college and post-graduate training for tens of thousands of scientific and technical cadres who are currently making their impact felt in all fields of work. In recent years, the Soviet Union has helped us to build 23 major national economic projects. Some 50 other projects are being designed and drafted. According to the joint Vietnam-Soviet declaration signed on 28 June 1985, the Soviet Union will continue to increase its assistance to our country in every area, especially economic assistance. It has extended us credit with preferential terms for the years from 1986 to 1990, deferred repayment of prior loans and will increase the exportation to Vietnam of goods important to the national economy, such as petroleum products, fertilizer, rolled steel and cotton. The Soviet Union will join Vietnam in concerted efforts to design and build projects of important significance to the economy and the development of

Vietnam's export base, which will include accelerating the exploration for and development of petroleum and natural gas on the continental shelf in South Vietnam; building oil refining and petro-chemical projects and nitrogen fertilizer plants based on domestic sources of petroleum and natural gas; building energy projects and machine enterprises; upgrading and increasing the transportation capacity of railroad lines; completing the economic-technical documentation for the construction of a metals combine; and beginning the construction of a 500,000 ton per year steel mill. In the commercial relations between the two countries, the Soviet Union will extend to Vietnam terms compatible with the spirit of the resolution of the High-Level Economic Conference of CEMA Member Countries. Economic cooperation between the Soviet Union and our country is projected to double in volume during the years from 1986 to 1990 compared to the period from 1981 to 1985.

As we celebrate the anniversary of the great October Revolution, we recall with deep emotion the words spoken by President Ho Chi Minh: "The more they remember the shame of having lost the country, remember each step in the revolutionary struggle filled with sacrifices and hardships but also glorious victories, the more the working class and people of Vietnam are impressed by the tremendous service performed by Lenin and the October Revolution."(7) Looking back on the decisive influence that the October Revolution had upon the birth of our party, on the tremendous influence that the victory of the Soviet Union over German and Japanese fascism had upon the August Revolution in our country and on the enormous, effective assistance that the Soviet Union has provided during the past four decades to our people in their cause of building and defending the socialist fatherland, we will forever feel boundless gratitude in our hearts to the Soviet Union, will forever hold beautiful revolutionary feelings for the Soviet Union, will forever maintain close solidarity with the Soviet Union.

We will make every effort to fulfill the agreements reached between the two parties and the two states, make the most effective use possible of Soviet assistance and cooperation and fulfill the obligations to which we have committed ourselves. Under the glorious banner of the Communist Party of Vietnam, we are determined to work hard to make our country grander and more beautiful, make our country worthy of being the solid outpost of socialism in Southeast Asia, thereby making positive contributions to the growth and strength of the socialist community, the pillar of which is the Soviet Union. Once again, we confirm that solidarity and cooperation in every field with the Soviet Union are always the bedrock of the foreign policy of our party and state. Our entire party and all our people pledge to do their very best to contribute in practical ways to strengthening the special relations and trust between the two parties and the peoples of the two countries and keeping Vietnam-Soviet friendship forever fresh and new, forever strong.

On this day of great joy that is the 68th anniversary of the October Revolution and from the bottom of our hearts, we wish the fraternal Soviet people even larger achievements in the performance of the tasks set by the CPSU: shifting the machinery of economic development to intensive development, renovating the structure of production, applying effective forms of management, continuing to improve the people's welfare and strengthening the country's defenses. We wish the Soviet people the successful completion of the tasks set by the 26th Congress of the CPSU and the most brilliant achievements in advance of the 27th Congress.

FOOTNOTES

1. "Van kien Dai hoi V"[Proceedings of the 5th Congress], Su That Publishing House, Hanoi, 1982, Volume 1, p 145.

2. Ho Chi Minh: "Vi doc lap, tu do, vi chu nghia xa hoi"[For Independence and Freedom, for Socialism], Su That Publishing House, Hanoi, 1976, p 230.

3. Le Duan: "Doan ket va hop tac toan den voi Lien xo la nguyen tac, la chien luoc va tinh cam cua chung ta"[Uniting and Cooperating in Every Field with the Soviet Union Are Our Principle, Our Strategy and Our Sentiment], Su That Publishing House, Hanoi, 1982, p 37.

4. Ibid., p 73.

5. Address by M. S. Gorbachev, NHAN DAN Newspaper, 29 June 1985.

6. Joint Vietnam-Soviet declaration, 28 June 1985.

7. Ho Chi MInh: "For Independence and Freedom...," p 305.

7809
CSO: 4210/4

AN EVENT OF GREAT IMPORTANCE IN THE CAMBODIAN REVOLUTION

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 7-11

[Unattributed article]

[Text] The beautiful country of Angkor recently witnessed a political event of great importance. In the capital Phnom Penh, from 13 to 16 October 1985, the Kampuchean People's Revolutionary Party held its 5th National Congress of Delegates. Some 250 delegates from 22 local and sector party organizations throughout the country attended the congress. Following several days of intense work, days marked by complete unity within the party and proletarian international solidarity in abundance, the congress ended, a brilliant success.

The congress reviewed the remarkable achievements of the Cambodian revolution during the 7 years since the country of Cambodia escaped the genocide of the Pol Pot clique and intensely debated the situation and tasks in the new stage of the revolution. The congress adopted resolutions that are wholly consistent in content with the Political Report and the Proposed Amendments to the Party Statutes Report of the Party Central Committee. The congress elected the 5th Party Central Committee, which consists of 31 official members and 14 alternate members, with Heng Samrin serving as general secretary.

The brilliant success of the 5th Congress of the Kampuchean People's Revolutionary Party marks a new and important stage of development in the Cambodian revolution and strong growth by the party itself. The resolutions of the congress, which embody the intelligence of the entire party, will light the way forward for the Cambodian revolution and guide the Cambodian people to increasingly brilliant victories.

After examining and evaluating the situation of the Cambodian revolution over the past 7 years and reviewing the implementation of the resolutions of the 4th Congress, this congress deeply analyzed the schemes being carried out by the reactionaries within Chinese ruling circles, in collaboration with the U.S. imperialists, to oppose and attack the Cambodian revolution. Relying upon Thai reactionaries on the extreme right, these hostile forces have sought, by every means possible, to help the remnants of the Pol Pot army restore and consolidate their forces in order to fight the Cambodian revolution. The enemies of the Cambodian people have left no insidious or cruel tactic untried in their attempts to change their battlefield position, encroach upon and occupy land and topple the People's Republic of Kampuchea. However, they have been tragically defeated. Throughout the past 7 years, the masses have participated in many different ways in the bitter struggle to protect the gains of the revolution and have won increasingly large victories. In particular, during the 1984-1985 dry season, in coordination with Vietnamese volunteer forces, the armed forces and people of Cambodia destroyed all the bases of the different Khmer reactionary forces along the Cambodia-Thailand border, thereby dealing the enemy a fatal blow and routing their forces in whole units. This victory marks the rapid growth that has been made by the revolutionary armed forces and national defense system of Cambodia.

The congress also had high praise for the victories won in restoring the economy and building the new culture. Through 7 years of reconstruction carried out under the leadership of the party, the country of Cambodia, having begun with a backward economy and small industrial base, the very foundations of which were destroyed by the Pol Pot butchers, thus overturning the entire structure of society, has recorded many achievements in every field, has relegated the scenes of devastation to the past, has brought a new and fresh look to every region of the country, the cities as well as the countryside. The economy is being restored and extraordinary changes have occurred in agricultural production. Strong development has taken place in the fields of culture, education and public health and the material and cultural lives of the people are gradually being stabilized and improved.

When viewed against the background of a country that still faces many difficulties following its escape from genocide, a country that must restore its economy and rebuild society while continuing the bitter fight against its enemies, the socio-economic victories of Cambodia assume even greater significance.

The congress analyzed the six basic factors behind the victories of the Cambodian revolution, factors that must continue to be strengthened and developed. These factors are: solidifying and expanding the National United Front; strengthening the People's Republic State; building and continuously strengthening the corps of revolutionary cadres; guiding the development of the economy, culture and education along the path of socialism; expanding and solidifying the strategic alliance among the three countries of Indochina and socialist international solidarity; and strengthening the leadership provided by the party.

Together with correctly evaluating the achievements that have been recorded in every area, the congress conducted an objective and scientifically based analysis of Cambodia's present situation in order to set forth appropriate and correct guidelines and tasks.

The congress pointed out that following the historic victory won on 7 January 1979, Cambodia concluded the national democratic revolution and entered the new era, the era of the country being truly independent and free and gradually building socialism.

One of the special characteristics of the situation is that because the Pol Pot regime pursued a policy of destruction, every gain made prior to 1975 was completely wiped away. Following liberation day, Cambodia was left with virtually nothing but its bare hands and a very underdeveloped and disrupted economy. As a result, in the shift to the new stage of the revolution, decades will be needed to bring the nation fully back to life, restore the economy, overcome the serious consequences of the genocidal regime and establish the foundations and conditions needed to gradually make the transition to socialism.

Another special characteristics of the Cambodian revolution today is that the country is simultaneously at peace and at war. It is a war that occurs in certain areas of the country and at certain times. The counter-attack against the revolution that the enemy is carrying out in Cambodia has taken the form of a war of encroachment, occupation and subversion, the aim of which is to abolish the people's republic, the system that all the people of Cambodia shed so much blood to secure. The enemy is employing not only military tactics, but also malicious psychological warfare tactics and the tactics of peaceful change in order to sabotage the revolution, corrupt the party's corps of cadres, create internal divisions within the party, divide the party from the people and undermine the solidarity and cooperation between Cambodia and Vietnam.

The ambitions of the enemy are very large, their schemes are very cunning. However, their position and forces are seriously eroding and cannot be rebuilt. Meanwhile, the position and forces of the revolution are constantly being strengthened and growing. International support filled with revolutionary affection has helped the strength that the Cambodian revolution itself possesses to grow. Today, the Cambodian people have truly become the masters of their country and are protecting the gains of their revolution. The final victory of the Cambodian revolution must be decided by the Cambodian people under the leadership of the Kampuchean People's Revolutionary Party.

On the basis of the objective situation and the special characteristics described above, the congress established the general strategic tasks in the current stage of the revolution as firmly defending national independence, building the Cambodian fatherland and gradually making the transition to socialism.

The congress defined the objectives that the Cambodian revolution must meet in the current stage as:

--Building upon the position of the revolution, both along the border and within the hinterland, weakening the enemy, routing them even more and inflicting greater defeats on them in each of their schemes.

--Building the real forces of the revolution in every field, especially the political, military and economic fields, so that they are solid and strong in terms of both their size and quality, are fully capable of developing upon the gains made by the revolution, winning victory over the enemy and defending and building a fatherland of independence, peace, prosperity and progress.

--Strengthening the revolutionary alliance and special relations between Cambodia and Vietnam and among the three countries and three parties on the Indochina peninsula while building upon the relations and the alliance within the community of fraternal socialist countries, the pillar of which is the Soviet Union.

As pointed out by the congress, the foremost tasks of the Cambodian people in meeting these important objectives of the revolution are to defend the fatherland and protect the gains of the revolution. The congress stressed: the entire party, all the people and all the armed forces of Cambodia must attach importance to building and strengthening the national defense system, to maintaining political security and social order. They must display a high spirit of revolutionary vigilance, fight well, maintain a high level of combat readiness, thwart each scheme and act of resistance of their various enemies, protect the territorial integrity of the beloved Cambodian fatherland and protect the life of peaceful labor, from the cities to the countryside.

As regards socio-economic restoration and development, the congress set the guidelines for the years ahead as making every effort to complete the restoration of the economy, reorganizing production and building a socialist system of education and a socialist culture; gradually building a national economy based on socialist production relations, an economy that has new, developed production capacity; developing agriculture, forestry and fishing into true strengths of the national economy through the four leading sectors of grain, rubber, timber and marine product production in close coordination with developing industry, developing consumer goods production and increasing the country's exports; gradually building material-technical bases for socialism and constantly improving the living conditions of the people.

To concretize these guidelines for socio-economic recovery and development, the congress adopted the first 5-year (1986-1990) socio-economic recovery and development program, which consists of seven basic tasks with the following targets:

--Increasing grain output at the average annual rate of 7 percent and achieving a per capita grain output of 350 kilograms per year.

--By 1990, completing the restoration of rubber production on 50,000 hectares and producing 50,000 tons of dried latex; harvesting 200,000 cubic meters of wood; harvesting 130,000 tons of marine products; increasing the total amount of area under the cultivation of jute to 15,000 hectares; raising total electricity output to 300,000 kilowatt hours by 1990; restoring, to a high level of quality, roads, water routes and rail lines; redistributing social labor; meeting and gradually stabilizing the essential needs of the people for food, clothing, shelter, transportation, education and health care, etc.

The congress clearly defined the specifics involved in the tasks of building the socialist culture and socialist system of education, molding the new, socialist man, building the public health and social sectors and carrying out scientific and technical development. It set forth important guidelines aimed at strengthening and increasing the effectiveness of the state and building upon the role of the front, the mass organizations and mass movements. It also clearly stated the party's nationalities policy and the party's policy on religions.

As regards the party's foreign policy, the congress advocated continued adherence to a foreign policy of peace and independence, one that competently supports the efforts to defend and build the country of Cambodia as it makes its gradual transition to socialism.

The congress confirmed the need to strengthen and continuously build the traditional and strategic solidarity and alliance among the three countries of Cambodia, Vietnam and Laos on the basis of Marxism-Leninism and socialist internationalism, considering this to be a requirement of vital significance and a matter in the nature of a law in the stability and development of the Cambodian revolution and the revolutions of the three countries of Indochina.

The congress confirmed the need to make every effort to strengthen and continuously develop the solidarity, cooperation and mutual assistance in every field between the People's Republic of Kampuchea and the Soviet Union and other fraternal socialist countries on the basis of Marxism-Leninism and socialist internationalism and for the sake of the interests of the socialist community, of the international communist and worker movement. This is the foundation of the international line and foreign policy of the party, is the important international obligation of the party and people of Cambodia and is also one of the factors that guarantee total victory in the cause of defending and building the fatherland.

The congress also stated that the People's Republic of Kampuchea is ready to develop friendly and cooperative relations with neighboring countries in Southeast Asia and the world, is emphatically opposed to the malicious policy being carried out by the Chinese expansionists and hegemonists in collaboration with the U.S. imperialists and lackey reactionary powers and is ready to engage in dialogue and negotiations to resolve the issues related to the two groups, the Indochina countries and the ASEAN countries, thereby helping to make Southeast Asia a region of peace, stability and friendly cooperation.

The congress expressed complete support for the struggle of the peoples of Asia, Africa, Latin America and Oceania against imperialism, colonialism, both old and new, racism and so forth and the just struggle of the working class and laboring people in the capitalist countries. The congress also expressed its active support of the new, important peace initiatives of the Soviet Union and its emphatic opposition to the policy of aggression and the arms race policy of the bellicose imperialist powers, headed by the U.S. imperialists.

The congress considered building the revolutionary people's party to be an important task of decisive significance in the development of the revolution in Cambodia.

To complete the large tasks of the new stage of the revolution, the congress pointed out that it is necessary to continue to build the Kampuchean People's Revolutionary Party into a solid and strong Marxist-Leninist party that follows a correct political line, has a pure, solid and strong political, ideological and organizational base, thus making it the vanguard unit of the Cambodian working class, possesses brave fighting spirit, possesses unquestioned loyalty to the interests of the working class and laboring people of Cambodia, possesses boundless loyalty to Marxism-Leninism and proletarian internationalism and has a truly strong and solid organization, one which guarantees that the party is very close to the masses.

The Communist Party of Vietnam and the people of Vietnam are exceedingly pleased by the success of the 5th Congress of the Kampuchean People's Revolutionary Party. We consider the congress to be an event of great importance not only to the Cambodian revolution, but also to the revolutionary cause of the fraternal countries on the Indochina peninsula. At the invitation of the Central Committee of the Kampuchean Revolutionary People's Party, a delegation from our party headed by General Secretary Le Duan carried to the congress the warm regards and the feelings of unshakeable militant solidarity of our communists and people for the Kampuchean People's Revolutionary Party and the fraternal people of Cambodia.

The brilliant results of the congress have warmed our hearts, have provided us with a source of deep inspiration. We promise to do all that we can to strengthen the militant solidarity and great friendship between Vietnam and Cambodia and among Vietnam, Laos and Cambodia so that they develop better with each passing day and are forever pure, forever strong. We promise to continue to fulfill our noble international obligation to the fraternal people of Cambodia and the fraternal people of Laos in the cause of national construction and defense.

We are firmly confident that, under the leadership of the Kampuchean People's Revolutionary Party, headed by the esteemed General Secretary Heng Samrin, the people of Cambodia will surely carry out the tasks set by the congress in an outstanding manner, firmly defend their sovereignty and territorial integrity and successfully build a Cambodia of independence, peace, prosperity, progress and a gradual transition to socialism.

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SALUTATORY ADDRESS BY GENERAL SECRETARY LE DUAN AT THE 5TH CONGRESS OF THE KAMPUCHEAN PEOPLE'S REVOLUTIONARY PARTY

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 12-16

[Text] Dear presiding officers,

Dear delegates,

The delegation of the Communist Party of Vietnam is very honored and pleased to be participating in the 5th Congress of the Kampuchean People's Revolutionary Party.

On behalf of the Communist Party and people of Vietnam, we wholeheartedly congratulate the glorious party of you, our close brothers and sisters who have carried on the tradition of the Indochina Communist Party founded by the esteemed President Ho Chi Minh, for having tapped the ardent patriotism of the Cambodian people, won brilliant victories, toppled the imperialists and feudalists, won independence and freedom for its mission and made worthy contributions to the struggle against the common enemy by the three countries on the Indochina peninsula.

The historic victory on 7 January 1979 that crushed the Pol Pot-Ieng Sary-Khieu Samphan genocidal regime, the lackey of the expansionists and hegemonists, ushered in a new era in the country of Angkor, the era of the people of Cambodia truly being the masters of their destiny and advancing down the path of building a life of comfort and happiness.

The Political Report presented by General Secretary Heng Samrin is a graphic review of the comprehensive victories of the Cambodian revolution during the past several years and the valuable lessons and experiences and the new, strong growth of your party since the 4th Congress.

Under the leadership of the Kampuchean People's Revolutionary Party, the heroic Cambodian people, a people rich in talent and ardent patriotism, have performed a feat rarely seen in history by arising from the devastation of the terrifying scourge of genocide, overcoming countless difficulties and bringing their nation back to life. The country's economy is being restored. Development in the fields of culture, education and public health is strong. National defense and security are being strengthened with each day that passes. The material and cultural lives of the people are gradually being stabilized and improved. The resounding victory won during the 1984-1985 dry season once again confirms that the advance of the Cambodian revolution is irreversible. Through its steadfast adherence to a foreign policy of peace, friendship and cooperation, the international prestige and position of the People's Republic of Kampuchea have been constantly heightened.

These large and comprehensive victories are living realities which prove that the line on building and defending the country adopted by the Kampuchean People's Revolutionary Party is correct and that the People's Republic of Kampuchea, which has been built by the people themselves, has the people's full trust and support. Despite the fact that hostile forces have been making every effort to distort the situation, in the eyes of progressive mankind, the People's Republic of Kampuchea remains the true representative of independence and freedom, is the genuine militant struggling for human rights in Cambodia.

The Communist Party of Vietnam and the people of Vietnam wholeheartedly congratulate you on the tremendous victories that the Cambodian revolutionary has won. We are very proud to have as our close comrades, as steadfast fellow militants the Kampuchean People's Revolutionary Party and the fraternal people of Cambodia.

Dear comrades,

Following nearly one-half century of struggle under the banner of the Communist Party of Vietnam, the Vietnamese, with the great victory of the resistance against the United States for national salvation, completed the national democratic revolution, reunified the fatherland and began the advance by the entire country to socialism.

During the past 10 years, in keeping with the line set forth at the 4th and 5th Congresses of the Communist Party of Vietnam, the Vietnamese have devoted the full measure of their spirit and forces to the two strategic tasks of building and defending the fatherland. Our people won victory over the war of aggression and are defeating the wide-ranging war of sabotage being carried out by the Beijing expansionists and hegemonists in collaboration with the imperialists. We have overcome the serious consequences of the war and have been carrying out the socialist transformation of the economy, creating initial material-technical bases, gradually advancing from small-scale to large-scale production and establishing the system of socialist collective ownership politically, economically, culturally and socially. We are approaching the 6th Congress of the Party, the congress that will present the tasks involved in advancing the country to a new stage of development and successfully meeting the targets of the initial stage of the period of transition.

The communists and people of Vietnam fully realize that every victory won by the revolution has stemmed from the strength of the nation combined with the strength of our times, has been closely connected to the special solidarity among Vietnam, Cambodia and Laos, to the large and effective assistance provided by the Soviet Union and the other countries of the socialist community, to the valuable sympathy and support of progressive mankind. On this occasion, we express our sincere and deep gratitude to the peoples of the two fraternal countries of Cambodia and Laos, the great Soviet Union and our friends throughout the world.

As a nation that has known much pain and suffering as a result of wars of aggression, the Vietnamese desire peace more than anyone else. We maintain that the foremost task of the people of all countries today is to struggle to defeat the bellicose policies of the imperialist and reactionary powers that are seriously threatening world peace and the independence and sovereignty of nations, to struggle against the arms race, both on the planet as well as in space, in order to reduce and eliminate the danger of nuclear war.

We totally support the Leninist peace policy and the foreign policy based in principle of the Soviet Union. We heartily welcome the new, important initiatives presented by General Secretary M.S. Gorbachev to the President of the United States on the total banning of offensive space weapons, a drastic reduction in the number of missiles already installed, the cessation of all nuclear testing and the prevention of the militarization of space.

We strongly support the struggle by the peoples of Asia, Africa and Latin America for national independence and sovereignty, for a new world economic order. They must crush the acts of provocation by the imperialists against Cuba and block their hands in Nicaragua, El Salvador, Angola, Namibia, Lebanon and Afghanistan.

The policy of the United States and a number of bellicose militaristic powers of turning Asia-the Pacific into a region of political and military confrontation is making the situation in this region one of constant tensions. Vietnam emphatically stands with the Soviet Union and other socialist countries, with India and the nationalist countries within the region in the struggle to defeat this dangerous scheme. Asia and the Pacific must become a region of peace.

Now as always, the Vietnamese stand shoulder to shoulder with the peoples of Cambodia and Laos in the determined struggle for a Southeast Asia of peace, stability and cooperation. The strategy of using one country or another within the region to oppose the countries of Indochina has been defeated and will surely be completely defeated. The correct course, the path that is consistent with the interests and the survival of the countries of Southeast Asia is to end the state of confrontation and enter into negotiations to resolve the important issues among the parties in a constructive spirit, in the spirit of respecting the independence, sovereignty and the legitimate interests of each country without the intervention of foreign countries. These good will proposals by the Indochina countries are being responded to in a positive way by the concerned parties.

Vietnam, as well as Cambodia and Laos, has frequently expressed its desire to restore normal relations with the People's Republic of China at an early date. For the sake of our long-standing friendship with the people of China, for the sake of the interests of each country and the interests of peace and security within the region, it is our hope that China will cease its hostile actions and join us in resolving disputed issues through the course of negotiation.

Dear comrades,

Throughout the course of the long struggle for independence and freedom, the three fraternal nations of Vietnam, Cambodia and Laos have stood shoulder to shoulder, have lived and died together in the fight against the common enemy, have won victory after victory. The fraternal solidarity and friendship that the great President Ho Chi Minh worked so hard to cultivate and which have been built by the flesh and blood of many generations have become a special very pure and loyal relationship, become a priceless asset in the political and spiritual lives of the peoples of our three countries. The enemy will leave no tactic untried in their attempt to divide and weaken the militant alliance of the three nations in a vain attempt to enslave and annex each country. However, the more deeply involved in crime they become, the more tragic their defeats will be.

Today, the militant solidarity among Vietnam, Cambodia and Laos is more solid and stronger than ever before. The February 1979 Treaty of Peace, Friendship and Cooperation between the Socialist Republic of Vietnam and the People's Republic of Cambodia and the February 1983 declaration of the High-Level Conference of the three Indochina countries are important milestones marking a new stage of qualitative development in the special relations between Vietnam and Cambodia and among Vietnam, Cambodia and Laos.

These special relations, as facts have proven, are a law in the development of the revolutions of the three countries and have been a determining factor in the victories of each country in the fight for national liberation and the fight to defend the fatherland as well as in peace time construction. And, the growth of the revolutions of the three countries of Indochina is a factor helping to guarantee peace, national independence and social progress within the region and the world.

The Communist Party and people of Vietnam promise to do all that they can to strengthen the militant solidarity and great friendship between Vietnam and Cambodia and among Vietnam, Cambodia and Laos, to continue to fulfill our noble international obligation to the fraternal people of Cambodia and the fraternal people of Laos in national construction and defense.

We are firmly confident that the Cambodian people, under the leadership of the Kampuchean People's Revolutionary Party and standing in tight ranks within the united front to build and defend the Cambodian fatherland, will surely excellently carry out the tasks set forth by the congress, firmly defend their sovereignty and territorial integrity and build a Cambodia of independence, peace, prosperity, progress and a gradual transition to socialism.

I wish the 5th Congress of the Kampuchean People's Revolutionary Party brilliant success!

May the militant solidarity and comprehensive cooperation between the two parties and peoples of Vietnam and Cambodia and among the parties and peoples of the three countries of Indochina live forever!
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THE RESOLUTION OF THE 8TH PARTY PLENUM AND THE URGENT TASKS IN THEORETICAL WORK

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 17-23

[Article by Nguyen Duc Binh]

[Text] The resolution of the 8th Plenum of the Party Central Committee is a resolution on prices, wages and money. However, its importance and underlying significance go beyond the scope of prices, wages and money. While making a breakthrough in the field of prices and wages, the resolution of the 8th Plenum essentially marks the first step in the process of fundamentally changing and improving the socio-economic management strategy in our country.

Therefore, the resolution of the 8th Plenum provides specific solutions to specific, pressing problems in life today and sets the long-term strategic direction for all activities of our party and state in socio-economic management. As a result, the resolution of the 8th Plenum faces those who are engaged in theoretical work, in the research of theory as well as the teaching of theory, with exceedingly large tasks.

Our corps of theorists faces a dual task. On the one hand, theoretical work must first be oriented toward shedding light on the scientific and practical bases of the resolution with the aim of helping to give the entire party and all the people a thorough understanding of its contents and, in this way, build the confidence and will needed to inspire revolutionary actions by the masses to insure the resolution's successful implementation. On the other hand, the resolution itself, and certainly the process of implementing the resolution, demand that theoretical work be broader in scope. The resolution faces those engaged in theoretical work with a host of issues of a fundamental, universal and long-range nature. The purposes of researching and shedding light on these issues are not only to give everyone a thorough understanding of the resolution right now, but also to help build the theory needed for the formation of the new economic system, for the establishment of the new management strategy.

Among the many issues of theory raised by the resolution of the 8th Plenum, it is first necessary to discuss the task of thoroughly criticizing bureaucratic centralism and subsidization. Today, there is probably no one who still disagrees with the need to dismantle this system. However, this does not mean that it is no longer necessary to criticize the old. In fact, if the old is only criticized on the surface but its inner nature is not exposed, if it is only denounced from the standpoint of its consequences but not analyzed from the standpoint of its origins, if it is only viewed as a purely accidental phenomenon and only denounced, even if with full moral indignation, the problem still has not been thoroughly resolved. "Thorough means knowing a thing down to its very roots"(K. Marx). Therefore, theoretical work must, by means of persuasive scientific arguments, reveal in a way that is both comprehensive and systematic the nature, the origin and the economic, social, political and ideological conditions that gave birth to this situation, reveal the harmful consequences of the old management system and--this point is very important--reveal the course that must be taken to overcome these consequences.

The old must be thoroughly criticized because, whereas it has an historic cause as the unavoidable product of a "war time socialism," its existence for a period of several decades has created a formidable inertia in our thinking and approach to economic work, an inertia that cannot be eliminated all at once. Moreover, it is not a simple or easy process by which the new is born to replace the old. The resolution of the 8th Party Plenum only sets the direction that the new management system will take. Many years will be needed to fully define and perfect this management system. In this process, exploratory steps and experimentation are unavoidable. There will be successes but there will very likely also be problems, even mistakes which require that we do things over. With each time that this happens, it is difficult to prevent some persons and units from wavering, from falling by the wayside and returning to the old way of doing things, to the old familiar approach. This is why this party plenum resolution very strongly stresses the word "thorough" in combating bureaucracy and subsidization. Our approach can and must be divided into stages but we must be decisive and thorough in our views, guidelines and targets. Thoroughly liberating our thinking from the old, this task can only be performed by theoretical work that is carried out in a truly scientific manner.

Criticizing the old, despite how important and necessary this is, is still secondary to establishing and arguing for the new. This is the most difficult, but also the most decisive, task we face. The adoption of the new management system raises numerous complex questions that must be addressed in theoretical work. The resolution of the 8th Plenum itself is an advance by the party in the field of theory, is a milestone marking a major step forward by our party from the standpoint of learning and applying economic laws. However, this does not mean that there is no work to be done in the field of theory.

Shifting completely from the old management system characterized by bureaucratic centralism and subsidization to the new system based on economic accounting and socialist business practices demands that very many matters be clarified from the standpoint of theory. Prices, wages, the market, commerce, finance, monetary affairs, banking and so forth, not one of these is a simple matter. And, concerning each of these matters, life is urgently demanding specific answers, specific solutions, specific policies and positions, specific regulations and rules. However, concerning each of these matters, there is also a need to clarify the concepts that are our starting point, to shed light on those aspects that relate to theory and methodology. Without these guidelines, we cannot set the correct direction for specific solutions and decisions. Lastly, whether we are talking about prices, wages, money and so forth or about economic accounting and business practices, all of these categories belong to one larger category--the category of the relations between goods and money, of commodity production and the law of value under socialism, especially during the period of transition to socialism. These matters have thus become more complex: the urgent and the immediate have become intertwined with the basic and the long range; the particular has become intertwined with the general; the living, the concrete cannot be separated from the abstract, the theoretical; one problem cannot be resolved without immediately affecting something else, etc. Moreover, special attention must be given here to an extremely important argument made by V.I. Lenin: "Anyone who turns his hands to specific problems before resolving problems of a general nature will, unavoidably and without knowing it, 'run into' these general problems with each step that he takes. And, blindly dealing with these problems on a case by case basis means that one's policy will be brought to the point of the worst possible kinds of vacillation and lose all basis in principle."

Subsidization is the direct opposite of economic accounting and socialist business practices. Economic accounting and socialist business practices are based on recognizing the existence of the law of value and recognizing the relations that exist between goods and money. It is impossible to practice economic accounting without using the various categories of value relations. Thus, the very shift in the direction of economic management strategy brought about by the 8th Plenum of the Party Central Committee demands that we shed light on the matter of basic theory: the relationships between goods and money and the law of value under socialism, especially during the period of transition. This is the issue that is most complex. There is perhaps no other issue in economic theory concerning which so many differing opinions exist: it is an issue that has been the subject of lengthy debate virtually since the beginning of real socialism, debate that still continues today. So complex is this issue that it can be said that the level of scientific development of socialist political economics depends, to a significant degree, upon clearly defining the fate of commodity production and its laws under socialism.

In the history of real socialism, there was a rather long period during which the existence of commodity-money relations and the law of value was denied. Then, the pressure of reality forced their existence to be recognized, but this recognition was cautious, was gradual and partial. For example, it was only recognized in form, only recognized as existing within the narrow scope of the production of the means of consumption, only recognized on the enterprise level or only recognized as being limited to the period of transition, etc. Finally, in the 1960's, following long debates and especially on the basis of the practical experience that had been gained, it became increasingly clear that ignoring the law of value as well as the other objective economic laws opened the way for subjectivism in planning, in organizing economic life and in practical, everyday economic work.

The victory of socialism, the constant growth of socialist production relations and their expansion to the entire national economy, the constant development of socialist production in depth--all of these factors have caused the matters of labor productivity, the quality and efficiency of production, the reduction of social production costs and, as a result, the planned application of value relations to assume increasing practical importance. Even in the stage of developed socialism, the application of value relations need not be restricted, but can be steadily expanded to the fullest possible degree within their organic relationship with the entire body of laws of socialism. This is the conclusion that has been reached in practically all of the fraternal socialist countries.

It must also be mentioned that there have been times when certain fraternal countries and certain persons have overexaggerated the role of commodity-money relations, the role of the market and the law of value under socialism to the point of overshadowing the separate laws of socialism, beginning with the fundamental economic law and the law of balanced and planned development. As experience has shown, the price that must be paid for this radical departure is high, sometimes very high.

Thus, one should not adopt a simplistic attitude toward these matters. In terms of theory, a simplistic attitude and hasty generalizations always cause serious consequences. At the same time, one cannot disregard international experience. In the 7 decades of its existence, world socialism has gained much experience in the matters we are discussing. We must learn from the experience of the fraternal countries. In order to prevent this effort to learn from the fraternal countries from falling into dogmatism, mechanical application or approaches all stamped from the same mold, certain potential must exist from the standpoint of theory and experience, a potential that is sufficient enough to critically analyze, select and creatively apply the experiences and achievements in the fields of theory that have been gained and recorded by the fraternal countries. Lenin wrote: "...A movement that begins in a young country can only achieve results if it applies the experiences of other countries. To do this, it cannot simply gain an understanding of these experiences or simply copy the latest resolutions, rather, it must be able to critically analyze these experiences and test them on its own. Anyone who evaluates the modern worker movement as having developed and spread to some extent, understands how the performance of these tasks demands the existence of a reserve force of political (and revolutionary) theory and experience."(2)

Our party, through the resolution of the 8th Plenum, has provided a certain, initial potential from the standpoint of theory and experience concerning the complex matters of economic management. It has displayed a stand based in principle and an ability to apply Marxist-Leninist theory in combining the diverse experiences gained by our party and people in practical economic work in recent years as well as an ability to apply international experience. From the 4th Congress (1976) to the 6th Plenum of the 4th Party Central Committee (1979), from the 6th Plenum of the 4th Party Central Committee to the 5th Congress (1982), from the 5th Congress to the subsequent Party Central Committee plenums, especially the 6th Plenum (1984) and the recent 8th Plenum

(June, 1985)--these are the stages of growth that our party has undergone from the standpoint of concretizing its general line and economic line and learning and applying objective laws in its leadership and management of the economy.

Thoroughly dismantling bureaucratic centralism and subsidization, correctly implementing democratic centralism and shifting entirely to economic accounting and socialist business practices on the basis of planning--this fundamental view both guides the practical activities of our party and state and serves as a precise guideline and broad area for theoretical work.

Democratic centralism is totally alien to and the complete opposite of bureaucratic centralism. The two absolutely must not be confused. It is truly a harmful mistake for someone to cling to bureaucratic centralism but consider it to be democratic centralism. It is even more harmful for someone to discard democratic centralism in the name of attacking bureaucratic centralism. Of primary importance at this time is the need to "correctly implement democratic centralism" by taking determined and thorough steps to dismantle bureaucratic centralism and broadening both the authority and responsibility of the lower echelons, of the basic units. At the same time, the various mechanisms must be improved in such a way that the principles of centralism and unity, instead of being weakened, as they have long been by bureaucratic centralism, are constantly strengthened to the maximum degree possible together with broadening, to the maximum degree possible, the display of initiative, dynamism and creativity by the basic unit, by the lower levels. Mechanisms must be changed and improved so that centralism and democracy are not mutually exclusive but truly lay the premise for each other and guarantee collective ownership in practice on all three basic levels.

The relationship between planning and economic accounting-socialist business practices is a central issue that must truly be clarified from the standpoint of theory.

Our greatest shortcoming has long been plans that are largely characterized by bureaucratic centralism and subsidization. If we say that bureaucratic centralism and subsidization are the principal malady of the economy, of the management system, it is in plans that this malady is first seen. Plans have long been viewed as orders handed down from above and have long been implemented on the basis of allocations and deliveries. In many cases, the relationships involved in plans have amounted to nothing more than demands for and the allocation of materials, capital and wage funds without any need to calculate the efficiency with which these items are used. If practiced at all, economic accounting has only been a matter of form, has been artificial in nature because, as a result of subsidization, the tools used to calculate and measure efficiency, namely, prices, wages and money, have been inaccurate and have completely concealed the actual situation.

The plan must be closely tied to economic accounting and socialist business practices. Economic accounting must be practiced within each enterprise, each shop, each work section and unit and by each worker. Each sector and locality must practice economic accounting. The state plan is an economic accounting balance sheet for the entire national economy. All of this means that the adoption and implementation of plans are not only designed to meet the requirements of the fundamental economic law of socialism, but also to insure that these requirements are met in the way that is most efficient and economical, that is, not met at any price, but at the lowest possible cost. To accomplish this, the requirements of the law of value must be taken into consideration.

Accounting and business practices cannot be discussed without discussing the law of value. However, as we know, the accounting we are discussing is economic accounting, which differs from commercial accounting. Commercial accounting is oriented toward the market. Economic accounting is oriented toward the plan. Economic accounting is only practiced under socialism. Capitalism practices commercial accounting. Economic accounting reflects the combined and unified application of many laws, most importantly the fundamental economic law of socialism, the law of balanced and planned development and the law of value. The business practices we are discussing are socialist business practices, are business practices carried out on the basis of the plan, in accordance with the plan.

Thus, that which primarily regulates the socialist economy is not the law of value (even though the law of value does participate in regulating the economy to some extent), but the fundamental economic law of socialism and the law of balanced and planned economic development. The primary role and function of the law of value under socialism is to enable economic accounting and business practices to be carried out on the basis of comparing costs incurred to results produced and, on this basis, endeavoring to continuously reduce costs, raise labor productivity, improve the quality and efficiency of production and apply various forms of economic incentives. This is extremely necessary, especially in the period of transition to socialism. Everyone remembers V.I. Lenin's famous argument: "Within a country of small farmers, the first thing that you must do is build small, sturdy bridges...to socialism, not by relying directly upon enthusiasm, but, with the enthusiasm born of the great revolution, by appealing to personal interests, by showing concern for the vital interests of the individual, by applying the principle of economic accounting."(3) Schemes to replace economic incentives with purely ideological education, with purely legal-administrative measures are as dangerous as making the law of value, the market that which primarily regulates economic processes within socialism. Both of these radical approaches are foreign to the essence of the socialist economy.

Thus, theoretical work concerning the central issues of the resolution of the 8th Plenum must thoroughly reflect the following view expressed by General Secretary Le Duan in his speech at the 6th Plenum of the Party Central Committee (June 1984): "Plans that are not closely tied to economic accounting and socialist business practices are nothing more than the subjective products of bureaucratic management agencies that are divorced from life. Economic accounting that is not centered on the plan loses its character, its soul and is no longer economic accounting, only guild-style management. When business practices are divorced from the plan, it also means that we have divorced ourselves from socialist guidelines and accentuate the law of value, the market as playing the controlling role."

The new management system makes it possible to uphold in practice the right and responsibility of collective ownership of each laborer, each sector, each level in order to stimulate the development of production and business toward higher productivity, quality and efficiency. The old management system based on bureaucracy and subsidization has completely distorted the true picture of economic activity. As a result, it has dragged the apparatus and its personnel into relations based on falsehoods and deceptions. This is the most serious consequence of the old management system. The new system based on economic accounting and socialist business practices, while restoring the true picture of economic activity, also re-establishes the true value of the various apparata and of each person. The reciprocal relationship between the economic management system and these apparata, between this system and people, in general, between it and cadres is a subject which, due to its extreme importance, is truly deserving of much research.

The shift to the new management system of economic accounting and socialist business practices based on planning is a shift of great importance, one that will have far-reaching impact upon the whole of our socio-economic life. This is the first step of the new period in the economic activities of our country, the aims of which are to correct the abnormal phenomena that have long existed in economic management and develop the economy in a manner increasingly compatible with objective laws in order to achieve the objectives of controlling and developing, in the best manner possible, each existing capability and potential that lies in our labor, arable land, sectors, trades, natural resources and material-technical bases, creating the conditions for strong, dynamic and highly efficient economic development, expanding and strengthening the position of socialism, stabilizing and gradually improving the standard of living of the people, creating sources of capital for socialist industrialization and strengthening the national defense and security systems. To meet these objectives, it is not enough, of course, to simply change and improve the management system. Along with changing and improving the management system, there are countless large jobs that must be performed: reorganizing and restructuring production; accelerating scientific-technical progress; accelerating socialist transformation; strengthening the management of the market, strengthening the socialist system of law, etc. However, of all the jobs that must be performed, the job of most crucial significance at this point in time is to quickly shift from the old system to the new system in economic management, to implement, with determination, with thoroughness and in suitable stages, the resolution of the 8th Plenum.

The shift to the new management system is being made in the face of very many difficulties and complex problems; therefore, there should be no illusions that everything will be achieved quickly or easily. However, our party and our people are ready to deal with these difficulties and look for every way to overcome them. Regardless of how great these difficulties and problems might be, we are determined to overcome them and shift entirely to the new way of operating. This is the mandate of life itself. This is the way to leave our difficulties behind us and move forward.

In this shift of enormous magnitude, now, more than ever before, practice is urgently calling out to those who perform theoretical work. Now, more than every before (as viewed from the standpoint of the process of the socialist revolution in our country to date), those who perform theoretical work see the large responsibility that is theirs and feel an interest that is truly deep! Because, whereas practice is always the "atmosphere," the environment that nurtures theory, now, more than ever before, the practice of the intense socialist revolution in our country is urging responsibility, is creating a stimulus and is supplying a wealth of raw material for activities in the field of theory. Success depends only upon our enthusiasm, our determination, our spirit of responsibility, our intellectual effort, our perseverance, our ability to use the methods of science in our research. And, of course, the work involved here is related not only to economists, but to specialists in the fields of philosophy, scientific socialism, party building, the building of the state, the building of the system of law, socialist culture, etc.

There is one more matter that remains to be taken into consideration. Soon, while the resolution of the 8th Party Plenum is being implemented, the 9th Plenum of the Party Central Committee will be held and, with that, the party will be close to making direct preparations for the 6th National Congress. Thus, our party is in a period of very important decisions. Those who are engaged in theoretical work must be fully and deeply conscious of this fact, must see the specifics involved in their tasks against the overall background of the performance of these tasks. Our theoretical work cannot fail to be part of the review of the 10 years of the socialist revolution nationwide, 30 years if counted from the day that the North embarked on the period of transition. It cannot fail to be part of the process of the formulation of the party's upcoming decisions of strategic importance. The major question is: to what extent can we meet the demands of our tasks? Everyone hopes that this will be an opportunity to end the problem of theoretical work lagging far behind practice, which is a problem that has existed for years. This will be an opportunity to review, re-evaluate and bring up to date old knowledge and the work that we have performed in theoretical research as well as the teaching of theory. This will also be a major challenge to the practical skills of our corps of theorists as well as each member of this corps and their ability to contribute to the party's revolutionary cause.

FOOTNOTES

1. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1979, Volume 15, p 437.

2. V.I. Lenin: "Collected Works," Russian version, National Political Publishing House, Moscow, 1959, Volume 6, pp 24-25.

3. V.I. Lenin: "Collected Works," Progress Publishers, Moscow, 1978, Volume 44, p 189.

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WINNING VICTORY OVER THE ENEMY'S WAR OF ENCROACHMENT AND OCCUPATION ALONG THE BORDER

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 24-28

[Article by Le Ngoc Hien]

[Text] I. What Each of Us Must Know About the New Fight

Launching large-scale wars of aggression, fomenting internal rebellion and subversion coupled with external military pressure or encroaching upon land of another country and gradually gobbling up one piece at a time are the traditional, cunning tactics employed by the Chinese expansionists and hegemonists. These tactics were employed by ancient Chinese feudal powers. These tactics are also being employed by present day Beijing authorities.

Living as we do in a country that shares a border with China, our nation had to deal on many different occasions with large-scale wars of aggression and wars of encroachment and occupation unleashed against our country by the Chinese feudalists. Our forefathers, drawing from their experience, learned profound lessons about how to deal with these wars. The history of our country still records what transpired when King Tran Anh Tong visited the bedside of Tran Hung Dao to pay his regards: "If you should die, what should our plan be for fighting the northern invaders?" Before he died on 20 August in the year Canh Ty (1300), Tran Hung Dao replied:

"If enemy forces are advancing in a rage, like a fire blown by the wind, the terrain will easily prevail over them. If they are advancing slowly, like a silkworm eating its way along and do not need to plunder the property of the people or move quickly, you must select a skilled general and deal with the situation as if playing a game of chess. Troops can only be used effectively when they are united as one, like father and son. Moreover, tap the strength of the people in order to give your plan deep, strong roots. This is the best policy for defending the country."(1)

Many neighboring countries have also been the target of hostilities created by China and had their land encroached upon and occupied by China. In 1962, in the Sino-India border war, China occupied (and continues to occupy) 37,500 square kilometers of land in India's Kashmir region. In 1969, China provoked armed conflicts along the Sino-Soviet border with the aim of achieving self-serving political objectives, conflicts which included encroaching upon and occupying land belonging to the Soviet Union, but was defeated by Soviet armed forces.

In our country, even during the period of friendly relations between the two countries, China took advantage of our friendship and good will to encroach upon and occupy many places along the border by a variety of different methods. In particular, since the heavy defeat they suffered in the large-scale war of aggression launched in February, 1979, the Chinese reactionaries, refusing to abandon their expansionist and hegemonist schemes and activities and in conjunction with wide-ranging acts of sabotage, have increased their military pressure on the northern portion of our country by keeping large military forces massed along the border and violating our country's territory by crossing the border to conduct reconnaissance operations and wage psychological and spy warfare. After withdrawing in February 1979, they continued to occupy a number of hills in Van Lang District, Lang Son Province and Muong Khuong District, Hoang Lien Son Province, in order to give themselves a military advantage. They also carried out military attacks to occupy one and then a number of places within our territory, such as Hill 1992 in Xin Man District, Ha Tuyen Province (15 October 1980), Hill 400 in Cao Loc District, Lang Son Province (4 May 1981) and Hills 1800 A and 1800 B in Vi Xuyen District, Ha Tuyen Province (23 May 1981). In 1982 and 1983, they conducted acts of provocation against and shelled economic-civilian targets deep within our country (roughly 10 kilometers).

In 1984, China's use of military pressure was increased and became a war of encroachment and occupation. At 0530 hours on 28 April 1984, following a series of heavy artillery attacks, which lasted from 2 to 27 April, against population centers deep within our country and while being defeated in battalion and regimental-scale attacks against defense bases of our border defense troops, the enemy, having assembled a large infantry force (consisting of many main force divisions and military corps from their Kunming Military Region) backed by more than 200 heavy artillery pieces and mortars, attacked and occupied many of our defense bases in the area of Thanh Duc and Thanh Thuy Villages in Vi Xuyen District, Ha Tuyen Province. Then, on 30 April, they occupied the Nui Bac Base in Pu Lung Village, Yen Minh District. On 15 May, they occupied Hill 1030 in Minh Tan Village, Vi Xuyen District, Ha Tuyen Province. The armed forces and people of Ha Tuyen have been bravely fighting to defend and take back each bit of soil of the fatherland. The increasingly fierce fighting has been concentrated in the areas of Thanh Duc and Thanh Thuy Villages in Vi Xuyen District where, after occupying a number of places, the enemy brazenly gave these areas the Chinese names of Lao Son and Da Au Son. In this zone, the gunfire erupts and subsides, but there has not been one day that the enemy's heavy artillery and mortars have been completely silent. One day, they fired as many as 50,000 large shells to support their infantry in attacks to expand their occupation. They have regularly maintained a force of eight divisions, a number of independent regiments and technical units, with a total troop strength in excess of 100,000, within this area to consolidate and expand their occupation. During the past 18 months, bogged down, on the defensive and having been dealt heavy blows, the forces from the Kunming Military Region have been unable to carry out their plan. The enemy has thus been forced to rotate these troops with a reserve force of roughly seven divisions from other military regions deep within China's rear area, such as Wuhan, Nanjing and Jinan.

II. The Essence of the Enemy's War of Encroachment and Occupation Along the Border

For nearly 2 years, we have truly had to deal with a lengthy border war of encroachment and occupation resulting from the expansionist policy of a large country with which we share a 1,463 kilometer land border. This is not a general war being waged with the aim of immediately annexing our country. Enemy forces are not "sweeping in like a fire, like the wind" as our forefathers said, rather, the enemy's "strategy is to nibble away at us like a silkworm eating away at a mulberry leaf, with no need to win victory quickly." It is, however, a no less dangerous war and demands that we have an effective and timely plan that constitutes a war strategy. We should not think we can fight one battle and bring everything to a conclusion. We should not disregard the schemes and tactics of the enemy in this form of war. Such would only give rise to a rash and subjective underestimation of the enemy and lead to unnecessary losses.

Before reaching total victory with the fewest possible losses, this new fight of ours will be a seesaw fight, a bitter and long fight. It will be a fight that is complex from the standpoint of politics and a fierce fight militarily. It will be politically complex because, while attacking and encroaching upon our territory, the enemy is looking for every way to deceive public opinion, distort the truth and divide us from our friends near and far and is lying to their soldiers in order to push them into battle to risk their lives for their hostile policy toward our people. It will be a militarily fierce fight because the enemy has concentrated large numbers of troops and many artillery pieces in small areas. Wherever they attack and occupy land, they build strong fortifications, set up battle positions arranged in lines and organize a formation consisting of many successive waves of units that come across the border and launch an attack against an area that is neither very wide nor very deep inside our country (for example, the zone in which the enemy has occupied a number of places within the two village of Thanh Duc and Thanh Thuy stretches along the border for 12 kilometers, with the deepest penetration into our country being 2 to 3 kilometers). The enemy also has strong reserve forces, deployed mainly on their soil, which cause us difficulties when we try to completely wipe out occupying units. Thus, the realities of this complex and fierce fight face us with many new things to which thought must be given and demand that we not be satisfied with the experience gained in the fights against France and the United States. Rather, we must promptly learn from our new experience and develop suitable, highly effective methods of fighting so that we can win increasingly large victories and eventually defeat this war.

Today, we can say: the border war of encroachment and occupation being carried out by the enemy in the northern portion of our country is an unusual mode of war, one that has been combined with a wide-ranging, clandestine war of sabotage by the enemy against our entire country. It is an unusual mode because the enemy has been employing in it large-scale infantry forces with a tightly structured command organization to fight many pitched battles and conduct numerous phases of continuous combat operations lasting many days in length with the aim of achieving their political and strategic objectives. These are not the scattered, covert acts of sabotage against military targets of ours that they are carrying out in their wide-ranging war of sabotage. The border war of encroachment and occupation and the wide-ranging war of sabotage are the two modes of war that have been combined by the enemy within their overall plan to weaken and eventually annex our country. Moreover, the border war of encroachment and occupation in the North is no longer a matter of scattered armed conflicts nor is it an ordinary border dispute. It is an unjust war of aggression of the rulers of China. It is the mode of war that they have selected for the situation in which they find themselves: the wide-ranging war of sabotage that they are waging is unable to pressure us into changing our line but neither the conditions nor opportunity exist for them to launch a general war of aggression to annex our country.

In the new fight against this war of encroachment and occupation, ours is the cause that is just. We are fighting for national independence and socialism and are determined not to yield to any enemy. Following more than 30 years of war filled with hardships and sacrifices, our people, our nation have no more ardent aspiration than to be at peace in order to build a life of tranquility, stability and comfort for themselves and desire negotiations to settle the issues that exist between the two countries. However, this desire has still not been satisfied.

With such being the circumstances of our people, who can believe the arguments often heard being spouted by China's propaganda agencies: "Vietnam has encroached upon Chinese soil. Chinese forces had to counter-attack in order to defend themselves." These are truly distortions and false accusations designed to deceive opinion and conceal the schemes and acts of the Beijing authorities in the aggression they committed when they sent 600,000 troops to attack our country in February 1979 and the aggression they continue to commit by sending troops to attack and occupy places along our country's northern border. When giving explanations to their soldiers, Chinese officers themselves have been forced to tell the truth: "The land over there belongs to Vietnam but we must occupy it to protect our defense line"(confessions of Chinese prisoners of war).

Clearly, our new fight against the enemy's border war of encroachment and occupation is an important part of the struggle to resolve the basic contradiction that exists between the national independence, sovereignty, territorial integrity and socialism of our people as well as the peoples of all three countries of Indochina and the hostile, anti-socialist expansionist policy of those who are in power in Beijing and their lackey army. This struggle will last as long as those in power in Beijing do not change their hostile policy toward our people. We must always be alert and vigilant, even at times when the struggle has quieted down and temporary detente has been reached.

III. Confidence in Victory in the New Fight

In the 18 months of hard and bitter fighting in the areas being occupied by the enemy, our armed forces and people, especially the armed forces and people of Ha Tuyen Province, have won very important victories.

We have inflicted attrition upon or destroyed many vital enemy forces, put about 20,000 enemy troops out of combat, inflicted heavy losses upon many enemy regiments and battalions and destroyed many of their means of war (more than 400 artillery pieces and mortars and more than 200 military vehicles of all types).

As a result of being dealt decisive retaliatory blows and suffering heavy losses, the soldiers and low ranking officers of the enemy, despite being deceived, despite being indoctrinated in the thinking of big country hegemony, have, in the face of the fierceness of the war and the harshness of the climate in the border region (especially forces that recently came down from the North, such as those from the Nanjing, Wuhan and Jinan Military Regions), begun to show signs of wavering and fearing sacrifices and difficulties. They do not believe that they can fight Vietnam and doubt their superiors.

We have promptly developed suitable, flexible and effective methods of fighting that have begun to defeat the enemy's tactics and ways of fighting, break up their battle positions arranged along separate lines, put the enemy on the defensive and cause them to become bogged down. We have restored each piece of land once occupied by the enemy and partially defeated the enemy in their attempt to expand their occupation within areas already occupied by them and to other areas along the border, especially in early 1985, when they had intentions of teaching Vietnam a "second lesson."

On the basis of the very important initial victories that have been won, under the clearsighted leadership of the Party Central Committee, under the close and specific guidance and command of the various party committee echelons, local administrations and units and with the active and large support and assistance of the entire country, our armed forces and people along the fatherland's northern border will continue to build the combined strength of the local people's war in order to win victory.

Our troops, the most active of our combat forces, who were forged in previous wars, now are being challenged in the realities of the fight against this war of encroachment and occupation of the enemy and have gained new experience. Their corps of command cadres is seasoned in combat, is bold and thorough. In addition, our troops are also backed by thorough and timely combat, rear service and technical support and by detailed political and ideological work performed that extends all the way down to the team and unit level. Our people are calm and steadfast, overcome each difficulty and enthusiastically participate in combat along with troops while supporting production and everyday life. The armed forces and people are united as one and share a common will. These are factors that insure us of victory over the enemy's war of encroachment and occupation, insure that we will protect the territorial integrity of the fatherland, insure that the entire country is safe and secure so that it can carry out construction, can excellently fulfill its international obligation.

In the years ahead, the situation might undergo complex changes. Our armed forces and people, most immediately those on the frontline, are determined to continue to display high vigilance, maintain combat readiness, fight well and defeat each new adventurous action of the enemy.

FOOTNOTES

1. Ngo Si Lien: "Dai Viet su ky toan thu,"[Complete History of Dai Viet], Social Sciences Publishing House, Hanoi, 1967, Volume II, p 80.

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GRASPING THE SPIRIT OF THE RESOLUTION OF THE 8TH PLENUM OF THE PARTY CENTRAL COMMITTEE

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 29-34

[Article attributed to TAP CHI CONG SAN]

[Text] Since July, under the leadership of the party, the people of our entire country have been vigorously implementing the resolution of the 8th Plenum of the 5th Party Central Committee; adding compensation for prices to wages; reorienting the activities of state-operated commerce and strengthening the management of the market; carrying out the money exchange program; implementing the new wage policy; and changing the economic management system under the guideline of dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices.

The collection of old money, the issuance of new money and the change in the unit of currency have created a new position from which the state can take the initiative with regard to sources of cash, thus enabling it to control the distribution of cash within society and creating favorable conditions for managing money well, implementing price and wage reforms, stimulating production and business activities...

The addition of compensation for prices to wages and the subsequent implementation of the new policy on wages have reduced to some extent the difficulties encountered in the daily lives of wage earners, partially improved their ability to replenish the energies expended in labor and resulted in the principle of distribution in accordance with labor being implemented better.

The procurement and sale of essential consumer goods at a price near the market price have enabled the state to increase its procurements of grain and other agricultural products. The business activities of socialist commerce have begun to change in a good direction. Within distribution and circulation, negative phenomena have declined.

Through the effort to implement the resolution of the 8th Party Plenum and Political Bureau Resolution Number 28 on prices, wages and money, all sectors and levels have significantly improved their economic management skills, especially their ability to guide distribution and circulation. At some places, initial advances have been made in production and business management within state-operated enterprises. Progress has also been made in labor management at many basic state-operated units. Many municipalities and provinces have made new efforts to transform and manage the market, transform private merchants, restructure outdoor markets and product sectors, keep closer inventory of available goods, control prices, implement the tax policy better and emphatically combat speculation, black marketing and illegal ways of earning a living. The state-operated commerce and marketing cooperative networks have been expanded. The way that socialist commerce does business and serves its customers has been improved.

Some places have included the new wages in production costs, conducted pilot projects in correctly and fully computing production costs, implemented the payment of contract wages based on the new wage standards, initiated the payment of wages to state store personnel based on the volume of business done...in conjunction with restructuring production and business operations at basic units. Through the effort to implement the resolution, good experience has been gained in improving economic management, eliminating irrational costs, raising labor productivity, reducing the consumption of materials and reducing production costs.

Many provinces and municipalities have prepared plans for restructuring their organizational apparatus by eliminating or reducing the number of organizations that are clearly irrational, dismantling unnecessary intermediary echelons and transferring some cadres and personnel from administrative agencies and indirect production units within the management apparatus to direct production and business units. Some provinces and municipalities have classified and evaluated the corps of management cadres and adopted plans to replace persons who are unable to perform their tasks and provide the key management cadres of enterprises, stores and corporations with accounting and business training.

The effort to implement the resolution of the 8th Party Plenum and the results that have been achieved prove that a number of strong changes are occurring in the economic thinking of the cadres of our party and state.

The implementation of the resolution of the 8th Party Plenum has produced results in many areas. However, weaknesses and shortcomings still exist. The transformation and management of the market are still weak in many respects. Efforts to improve the organization and expand and reorient the business and service activities of state-operated commerce are still proceeding slowly. At many places, speculators, black marketers and persons who earn their livings illegally are not being harshly punished. The state does not truly control the market. Complex changes are occurring in the field of prices. Preparations for the implementation of some programs and policies of the state lack thoroughness. Many agencies and units have yet to take the initiative in restructuring their organizations, streamlining their apparata and reassigning cadres within the scope of their authority, responsibility and ability in keeping with the spirit of the resolution of the 8th Party Plenum. The common difficulty faced by localities and sectors is to provide jobs and the necessary living conditions to persons displaced from employment roles. In addition, the serious destruction caused by the floods has caused many localities to encounter greater difficulties. These difficulties are temporary. By taking correct measures and displaying a spirit of steadfast struggle, we will surely be able to overcome these difficulties.

Dismantling the old management system and building the new entail a process of struggle, a process that is comprehensive and total, a process that is carried out in a determined and urgent fashion by taking steady, sure steps forward. The principles set forth in the resolution of the 8th Party Plenum to guide efforts regarding prices, wages and money are entirely correct and must be fully implemented. However, in view of the specific economic situation we face today, we must proceed gradually and in a manner that is consistent with this situation.

Continuing to implement the resolution of the 8th Party Plenum is the central task of the entire party and all our people in the months ahead. In order for this resolution of the party to be implemented well, all levels and sectors, all cadres and party members must grasp and thoroughly understand the basic views set forth within the resolution of the 8th Party Plenum. At the same time, they must grasp and thoroughly understand the spirit of Political Bureau Resolution Number 28 as the resolution that specifically defines how the resolution of the 8th Party Plenum will be implemented in the months ahead.

The basic views set forth in the resolution of the 8th Party Plenum are that we must be determined to dismantle bureaucratic centralism and subsidization and must shift entirely to economic accounting and socialist business practices on the basis of making the plan the center of operations. Implementing the new policies on prices, wages and money is the breakthrough of decisive importance. We must dismantle bureaucracy and subsidization with a high degree of determination and build the new economic management system in a dynamic, cautious manner but without hesitating or wavering.

We are implementing the resolution of the 8th Party Plenum against the background of a situation that is complex: the socio-economic situation is unstable; production is not developing in a stable manner; the economy is still unbalanced; commerce and prices are undergoing complex changes; production costs are not being accurately determined; the purchasing power of the masses is still limited, etc.

Calculating all production costs, dismantling subsidization and discontinuing the practice of compensating for losses within the national economy will entail a process of complex struggle. To achieve solid results, we must proceed gradually in a way that is consistent with the specific, immediate situation. Subsidization has existed for decades. To dismantle it now will not be easy. This cannot be done overnight nor can it be done by simply issuing an order. Because specific conditions do not permit us to eliminate subsidization all at once, we cannot simply adjust prices and improve wages once and be done.

These circumstances demand that we take appropriate steps to insure stable results and avoid adverse changes that could lead to increased instability in the socio-economic situation. Suitable forms and measures must be adopted in order to bring about change gradually and create the conditions for continuing to fully implement the principles set forth in the resolution of the 8th Party Plenum.

Things that cannot be immediately eliminated must be temporarily tolerated and viewed as transitional measures. However, when it comes to those things that can be immediately eliminated, we should not hesitate to do so and must not use difficult circumstances as an excuse for retaining them, as this will only lead to stagnation and impede our progress in establishing the new management system. To be consistent with the specific situation and conditions, the steps that we take must not only be sure steps, but also quick steps because they will help us to avoid going around in circles.

While adjusting prices, we must promptly revise price management procedures and take measures to supervise the management of prices and assign responsibility for managing prices in a way that is dynamic and expeditious in order to provide timely stimulus for the development of production. While adjusting prices, we must improve wages accordingly, must use this important lever to implement distribution in accordance with labor and create a force that stimulates technological innovations and higher labor productivity. We must make improvements in the areas of finances and credit, manage the circulation of money well and promptly enable enterprises to take greater initiative in order to abolish each constraint imposed by bureaucracy and subsidization.

The current management system does not enable the enterprise to take initiative. Despite the fact that the resolution of the 8th Party Plenum sets forth the guideline of allowing basic production and business units to take greater initiative, policies have not been promptly revised to stimulate the development of production at enterprises. Consequently, efforts to resolve the problems of prices, wages and money must be closely tied to shifting to economic accounting and socialist business practices to insure that the enterprise can take initiative in its production.

Prices must be consistent with value and the real purchasing power of the dong. We must take the initiative in applying the law of value and the law of supply and demand. At present, our state is using the price of paddy as the price standard. The procurement prices paid for paddy and other agricultural products are determined on the basis of negotiations between the state and farmers.

Setting the prices of materials and industrial products is a very complicated matter. According to the spirit of the resolution of the 8th Plenum, all costs must be correctly included in production costs. However, due to many different reasons, production cost factors are still irrational in many respects, the consumption of past labor and human labor is still too high and this has led to very low labor productivity, very low product quality and very low production and business efficiency. It is very difficult to accurately compute production costs. If we automatically compute all costs at the new prices and new wages, production costs will soar. With that, the production costs of industrial products will rise to the level of market prices, will push market prices even higher, push them to levels unacceptable to society. As a result, the new price scale based on the price of paddy will be shattered. If we solve this problem by setting product prices at a level far below production costs, the state will have to compensate for very large losses and the problem of subsidization will persist.

In the face of these complex realities of the situation, it is necessary that we employ transitional measures. On the basis of the price scale and the relationships that have formed on the social market among prices, we must set the prices of imported materials and the prices of the other primary means of production at levels which prevent the production costs, wholesale prices and retail prices of the various types of industrial consumer goods and the prices of state services from exceeding the purchasing power of society, from "carrying" market prices to levels higher than can be tolerated and disrupting the major economic relationships, especially the relationship between workers and farmers and the relationship between prices and wages.

Thus, the approach being taken to the adjustment of prices this time does not entirely do away with subsidization. The state budget will continue to compensate for losses, but these losses will be smaller than previously. In the immediate future, it is very important that we be determined to maintain the new price system and new price scale because, only by maintaining these new prices, can we create the conditions needed to stabilize production, protect real wages and stabilize the standard of living.

In view of the many economic difficulties being encountered by the country, the party and state have made numerous efforts to insure that wage earners can live mainly on their wages and replenish the energies expended in labor. The new wage policy has eliminated the supplying of products under ration standards at prices for which losses were compensated, which was an outgrowth of subsidization.

However, production is still developing slowly and there is not an adequate supply of consumer goods, consequently, the rationing of a few types of goods through the use of ration books or coupons is necessary in order to maintain the consumption policy. Under the new wage policy, we have eliminated the largest portion of the subsidized wages paid in product, namely, the product supplied through commerce. There is another type of product supply, such as the supplying of housing, medicine and so forth, that is not yet included in wages; therefore, we have yet to achieve total fairness in with the principle of distribution in accordance with labor. Of course, everyone knows that this is not rational but we are as yet unable to immediately resolve this problem because of the country's limited financial capabilities.

Under the new wage policy, the relationship between wages and allowances among the various sectors, trades and work grades has been restructured on the basis of the principle of distribution in accordance with labor. Attention has been given to important and technical sectors and trades, to sectors and trades involving complex manual skills and strenuous, hazardous labor and to remote wilderness areas. Special benefits have been established for the armed forces and the public health and education professions. At the same time, more satisfactory allowances have been established for village and subward cadres.

With the differentials that exist between the maximum and the minimum wage under the new wage policy, we only partially correct the irrational practice of basing wages on averages. We must make every effort to accelerate the development of production and raise labor productivity in order to constantly increase the gross social product and national income. Only in this way can we establish the material conditions needed to further improve the wage policy.

The adjustments made to the price system and the improvements made to the wage policy represent a very important reform. They open the way for the implementation of the resolution of the 8th Party Plenum. This is the first step in eliminating management based on bureaucracy and subsidization and creating favorable conditions for changing and improving all aspects of the management system and shifting all economic activities to economic accounting and socialist business practices. This reform will have a direct impact upon the development of the country's economy. It will have a major effect upon the standard of living. Each stratum of society is concerned about the implementation of the resolution of the 8th Party Plenum. The enemy is also looking for ways to take advantage of our weaknesses in a vain attempt to sabotage our efforts. Therefore, we must implement the resolution of the party in a determined but cautious spirit. The steps that we take must be sure steps. At the same time, we must heighten our vigilance against acts of sabotage by the enemy.

To continue to implement the resolution of the 8th Party Plenum well, the party organizations on all levels must conduct good ideological and organizational work, launch revolutionary movements of the masses, intensify their inspections and improve their work methods.

Ideological work must give the entire party and all the people a clear understanding of the spirit and contents of the resolution of the Party Central Committee. On this basis, it must achieve unity and consensus among everyone and cause everyone to make every effort to fully carry out the party's resolution. The positions and policies of the party and state on prices, wages and money, on market management must be promptly explained to everyone. The questions that cadres, party members and the masses have and any aspects of their thinking that are incorrect must be promptly answered and corrected. When publicizing, providing an education in and organizing the implementation of the positions and policies of the party and state, it is necessary to elevate the thinking and tap the spirit of initiative and sense of responsibility of cadres and party members in implementing and encouraging the masses to implement the resolution.

With regard to organizational work, we must, in light of the spirit of the resolution of the 8th Party Plenum, re-examine the function, task, organization and staff of the various sectors, levels and basic units, revise and amend existing regulations, restructure their organization and reduce their employment roles so that their apparatus is streamlined but effective. Specific and appropriate measures must be taken to provide jobs to persons displaced from employment roles.

To launch a strong mass movement to implement the resolution, it is necessary to intensify the teaching of politics to the masses so that they exercise their right of collective ownership in production, trade and the services as well as in inspecting the activities of party and state agencies. A spirited revolutionary movement of the masses is a strong force in dismantling the old management system and building the new.

Inspections are very important in insuring that the resolution is implemented. Only through inspections can it be determined whether or not sectors and localities are implementing the resolution, whether or not they are implementing it correctly. Through inspections, the party and state uncover and promptly deal with new problems that arise and correct mistakes. Only through inspections can the party and state revise and amend existing policies and propose new positions and policies for the purpose of implementing the party's resolution more effectively.

Dismantling the old management system, building the new management system and providing management on the basis of economic accounting and socialist business practices are very complex matters which demand concerted, close, flexible and urgent guidance. Therefore, all levels and sectors must adopt a new, dynamic, specific and practical way of working. Only by improving their work methods can they implement the party's resolution on dismantling the management system based on bureaucratic centralism and subsidization and shifting entirely to a management system based on economic accounting and socialist business practices.

To thoroughly grasp and fully implement the resolution of the 8th Party Plenum, it is necessary to correct the following two tendencies:

One is being impetuous, or wanting to do everything at once without understanding that dismantling the old system and establishing the new in economic management entail a process that must be carried out gradually in sure, steady steps.

The other is wavering and hesitating, pulling back in the face of the difficulties encountered in implementing the resolution and wanting to retain the old system with all of its conservatism and inertia.

The campaign to dismantle the old management system based on bureaucracy and subsidization and implementing the new management system based on economic accounting and socialist business practices is, from the standpoint of economic management, a campaign of profound revolutionary significance. If our entire party and all our people grasp the spirit of the resolution of the Party Central Committee and the resolution of the Political Bureau, strengthen their unity, display a high revolutionary-offensive will, are determined to struggle, overcome each difficulty and make every effort to implement the resolutions of the party and policies of the state, we will surely succeed in bringing about a new, good change within the national economy and in our revolution's situation.

TAP CHI CONG SAN

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FULLY DEVELOPING UPON THE POSITIVE IMPACT OF THE IMPROVEMENTS MADE TO WAGES

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 35-39

[Article by Tung Van]

[Text] On the basis of our country's present socio-economic situation, the 8th Plenum of the 5th Party Central Committee issued the resolution on prices, wages and money, the aim of which is to dismantle the bureaucratic centralism and subsidization that exist within prices and wages, considering this to be the breakthrough of decisive significance that must be made to shift the economy to economic accounting and socialist business practices.

Recently, in September, to implement this resolution, the state promulgated the new wage policy and simultaneously adjusted state prices.

Wages are the main source of income of tens of millions of laborers in our country. Wages are not only a matter of living conditions, but also a factor of production and a strong lever in production. Wages are payment for work in accordance with the principle of distribution in accordance with labor, that is, the distribution of personal consumption items to workers on the basis of the quantity and quality of the labor contributed by them to society, which encourages workers to fully concern themselves with the products produced and with labor productivity. V.I. Lenin, who stressed the special importance of the principle of tying material incentives closely to the result of labor and labor productivity, was opposed to the approach of simply appealing by means of empty slogans to the worker to work, and felt that we must encourage the worker to work "by appealing to personal interests, to personal gain, by applying the principle of economic accounting."(1)

Correctly implementing the principle of distribution in accordance with labor in order to compel each worker to work with high productivity and efficiency and forge their sense of responsibility, their attitude toward labor and their labor discipline corrects the practice of basing distribution on averages and eliminates negative thinking and attitude in labor.

However, for a long time, our wage policy did not fully reflect the principle of distribution in accordance with labor, was highly subsidized and based on averages, which reduced the desire to work, caused stagnation in production and failed to stimulate technological innovations and the development of production.

Real wages steadily declined, which made wages insufficient to replenish the energies expended in labor and caused the differences in income and standard of living among the various strata of the population, among the different sectors and trades and among the various regions of the country to become irrational. Due to the slowness with which steps were being taken to solve the wage problem, a situation occurred in which many different ways of paying wages and bonuses were adopted. Wage and bonus rates also became irrationally disproportionate and this caused the wage system to lose its uniformity, affected the uniformity of prices and caused more difficulties to be encountered in distribution and circulation. This demanded that the state urgently improve the wage policy.

The newly promulgated wage policy, which was uniformly applied throughout the country on 1 September 1985, is based on the principles set forth in the resolution of the 8th Plenum of the 5th Party Central Committee: "The real wage must truly insure that the wage earner can live mainly on his wages, must replenish the energies expended in labor and must be consistent with the capabilities of the national economy. Wages must be closely tied to the productivity, quality and efficiency of labor and must thoroughly implement the principle of distribution in accordance with labor. Wages are to be paid in money, with availability of goods guaranteed; the policy of supplying products at low prices, prices divorced from the value of goods, is to be discontinued. We must implement a uniform wage policy nationwide, one that takes into consideration the rational differences that exist among regions and among sectors and provides special benefits for sectors and trades that involve strenuous, hazardous work or high professional or technical requirements and the education, public health, culture and art sectors. The wage policy must be designed to stabilize and gradually improve the standard of living of manual workers, civil servants and the armed forces. Subsidies, averages and irrational differences in wages and bonuses must be eliminated throughout the country."

On the basis of the principles set forth in the above mentioned resolution, the new wage policy has brought about fundamental changes. In particular, the majority of subsidization and the use of averages has been removed from wages. The new wage policy has adjusted the minimum wage with the aim of satisfying the minimum consumer needs of the wage earner in a manner consistent with the current economic situation. With the minimum wage (220 dong per month) being paid in the region where the cost of living is the lowest, the standard of living of the wage earner is higher than previously. Thus, the new wage policy enables the wage earner to replenish the energies expended in labor in a manner consistent with the capabilities of the national economy.

The new wage policy has discontinued the supplying of products under ration standards and at subsidized prices for which losses are compensated. However, in view of the fact that goods are still scarce, the state has continued to maintain rationing (books or coupons) for a number of essential products: grain, fuel... At a time when the financial situation is still difficult, the state cannot immediately include in wages the other items that are supplied by the state, such as housing, medicine, cars, etc.

The new wage policy has resolved some of the disparities in wage relationships: general wage relationships; the wage relationships among the various sectors engaged in material production; and the wage relationships among the work and administrative sectors. At the same time, it has restructured the various types of allowances and bonuses to be consistent with the new conditions that exist and with the adjusted basic wage.

The improvements made to wages this time are only one step, but a step of very important significance: they insure that the energies expended in labor can be replenished; insure that the principle of distribution in accordance with labor is implemented; provide appropriate benefits for the various sectors and trades within the national economy; encourage higher labor productivity and the development of manual skills; and restore the order of wages that are uniform nationwide. The payment of wages entirely in money allows the worker to determine how his wages are spent.

In view of the many difficulties still being encountered with the economy, the enactment of the new wage policy represents a major effort by our party and state and expresses their care and concern for the life of the worker. Under the new wage policy, the lives of the manual workers and civil servants of the state have been significantly improved compared to the current standard of living but wages remain modest at best and the differential between the minimum wage and the maximum wage is still narrow. Because this differential is only 3.5 times, the state has only been able to partially eliminate the basing of wages on averages and the irrational aspects of wages.

To develop upon the positive impact of the new wage policy, each person must display a high spirit of responsibility in the exercise of socialist collective ownership and devote the full measure of his work skills to constantly raising his labor productivity and work efficiency in order to create a new atmosphere, a true socialist labor emulation movement that brings social production to a new level of development, on the basis of which the living conditions of the people are stabilized and gradually improved.

The new wage policy is an important economic lever in stimulating the strong development of production, is an effective tool in labor management and economic-financial management, one that encourages the worker to improve his labor discipline, achieve higher labor productivity and insure quality and economic efficiency within each enterprise and production unit. This will lead to the raising of social labor productivity as a whole, and this is the goal of socialism. V.I. Lenin once said: "In the final analysis, labor productivity is the most important, the most basic factor in the victory of the new social order."(2)

To fully develop upon the impact of the new wage policy as an economic lever and create the conditions for each worker to perform good work, to work with high productivity and efficiency, it is necessary to take the following important measures well:

1. Reorganizing and restructuring production and reorganizing labor on a nationwide scale and within each sector, each locality and each enterprise.

The requirements involved in the restructuring of production are that each basic unit, on the basis of the plans of the sector and locality for the restructuring and reorganization of production and for construction and on the basis of analyzing the existing labor pool, propose ways to make full use of the labor and work time of each unit. By restructuring production mainly within the unit, by assigning them mainly to production and by taking many positive measures, it is necessary to maintain and make rational use of the force of skilled technical workers and skilled management cadres and scientific-technical cadres.

Closely tied to reorganizing and restructuring production is the need to reorganize labor, apply rational labor quotas and research ways to make effective use of labor displaced along production lines. It is necessary to re-examine and amend or revise technical grade standards within each sector and basic unit and establish professional titles and standards to lay the basis for the salary scale of cadres and civil servants. A wage rate and work grade must be established for each worker in order to provide appropriate incentive to work and contribute. Here, the aims must be to unite everyone, correctly implement the principle of distribution in accordance with labor, practice frugality in production and reduce the size of the administrative and indirect workforce. In the restructuring of wage rates, it is necessary to insure that all principles and policies concerning the new wages are correctly implemented; insure that the steps taken are fair and rational; insure that the standards for technical grades or professional standards are not lowered to suit convenience; insure a correct relationship between cadres and personnel; and strengthen the labor discipline, unity and confidence of each person so that everyone approaches their work with enthusiasm.

On the basis of restructuring production and reorganizing labor in a way that is rational, we will establish the conditions needed for the enterprise to take greater initiative in labor management by, for example, putting labor quotas into effect and applying progressive labor quotas, setting correct unit prices, practicing strict economic accounting, inspecting the results of the work and the income of each person and providing appropriate incentive through wages and bonuses. From now on, the wage funds of production and business units will be dependent upon the results of the unit's business operations. Consequently, production and business units must closely tie the payment of wages to reorganizing and restructuring production, to reorganizing labor along rational lines, to the application of scientifically based labor quotas and to the effective use of the various forms and types of wages. Administrative and work units must urgently establish and apply professional standards for civil servants in order to create a new atmosphere within the corps of cadres and civil servants.

2. Strengthening the management of the market and prices and resolutely combating each act of speculation, black marketing and disruption of the market with the aim of protecting the real wages of state cadres, manual workers and civil servants.

To fully develop upon the positive impact of the new wage policy in production and everyday life, it is of utmost importance that the state take every available economic and administrative measure to protect the real wages of cadres, manual workers and civil servants. Only by protecting the real wages of manual workers and civil servants is it possible to generate enthusiasm for work and production, possible to unleash a movement to raise labor productivity throughout society.

Therefore, all sectors, levels and production and business units must, on the one hand, make every effort to develop production in order to produce a supply of goods that correspond to the new wage fund. On the other hand, they must expand the state-operated commerce and marketing cooperative networks, expand socialist services, strengthen the management of and gradually stabilize the market and prices and effectively eliminate speculation, black marketing and other actions that disrupt the market. The state must, mainly by means of economic measures, control the flow of goods and money, control the market and prices. This is the basic prerequisite to protecting the real wages of manual workers and civil servants.

At present, one very pressing problem that has arisen and must be resolved in the management of the market and prices is the problem posed by speculators, black marketers and other actions that disrupt the market. Down through the years, especially since the promulgation by the state of a number of resolutions, policies and measures to "strengthen the socialist market, strengthen the management of the market and combat speculation and illegal trade," state agencies have taken many determined steps combined with economic and administrative measures to punish these persons who earn their livings illegally. However, since the money exchange, speculators, black marketers, hoarders, persons who deal in illegal goods and persons who make and sell fake goods, taking advantage of the new wage policy and the price scale adjustment policy, have been buying up goods at a hectic pace, especially essential goods, thus pushing up market prices, causing disorder on the market and creating a psychology of instability among the various strata of the people.

Therefore, against the background of society today, the struggle against speculation and black marketing has become a front of critical and very pressing importance. Now, speculators and black marketers have shown themselves to be economic saboteurs, saboteurs of the work of building the country. Now, more than ever before, the combined strength of the proletarian dictatorship state must be employed to severely punish them. All these persons, be they bourgeoisie or not, are persons who must be prosecuted under criminal law. At the same time, we must combat the negative phenomena inside state agencies and rid ourselves of deviant, degenerate cadres who conspire and align themselves with speculators and black marketers who earn their living illegally.

In the present situation, the immediate, emergency task of central importance in managing the market is to redouble our efforts in the struggle to maintain the new price scale and control the market. The thrust of this struggle must be directed toward harshly punishing speculators and black marketers and eliminating the negative phenomena on the market with a view toward developing upon the positive impact of the new wage policy and protecting the purchasing power of the new currency. Strict price discipline must be practiced within the management and business organizations of the state. Prices must be posted and goods must be sold at posted prices within the system of state and private stores. Socialist commerce must quickly grow, in both breadth and depth, and truly become the master of the market. The state must procure all grain, food products and goods for distribution to meet the needs of society; continue to intensify the socialist transformation of private industry and commerce; remove private merchants from long distance trade; and insure that the organized circulation of goods is carried out rapidly and supports the production and lives of the people well. Rapid growth by the forces of socialist commerce is the decisive prerequisite to eliminating speculation and black marketing, stabilizing market prices and protecting the real wage of the wage earner.

This change in the wage policy in conjunction with the adjustments made to the system of state prices truly represent an important economic reform, one that opens the way for the implementation of the resolution of the 8th Plenum of the 5th Party Central Committee. It is a blow to bureaucracy and subsidization and creates favorable conditions for changing and improving the various elements of the management system, for shifting all economic activities to economic accounting and socialist business practices and quickly establishing the new management system. Consequently, the new wage policy is an important economic lever in encouraging everyone to work and produce with enthusiasm, achieve higher productivity, practice frugality and implement the slogan: everyone works with high productivity, quality and efficiency.

FOOTNOTES

1. V.I. Lenin: "Collected Works," Russian version, 4th printing, Volume 33, pp 29-37.

2. V.I. Lenin: "Collected Works," Su That Publishing House, Hanoi, 1968, Volume 29, p 478.

7809
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THOROUGHLY UNDERSTANDING THE PARTY'S VIEWS IN THE ADJUSTMENTS MADE TO THE PRICE SYSTEM

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 40-42

[Article by Tran Xuan]

[Text] Completely dismantling bureaucratic centralism and subsidization and correctly implementing democratic centralism, thereby creating the conditions for quickly shifting the entire economy to economic accounting and socialist business practices, are the essence of the resolution of the 8th Plenum of the 5th Party Central Committee.

Shifting the entire economic management system away from bureaucracy and subsidization to economic accounting and socialist business practices are a change of profound revolutionary significance, one that is aimed at stimulating the development of production within a rational structure and developing each potential that lies in our labor, arable land, sectors, trades and existing material-technical bases in order to strongly develop production and achieve higher productivity, quality and efficiency.

Eliminating the bureaucratic centralism and subsidization that exist within prices and wages is an exceedingly urgent requirement, is the breakthrough of decisive significance that must be made among the series of problems that must be resolved in order to shift the entire economy to economic accounting and socialist business practices. The adjustments made to the price scale this time establish a system of state prices for the most important social products within the economy in order to establish a new and more suitable price scale and create favorable conditions for developing production, expanding the circulation of goods, instituting accounting and general accounting for the entire national economy and implementing socialist business practices, the foremost targets of which are productivity, quality and efficiency.

The adjustments made to the price scale were based on the following principles:

--Establishing prices that are consistent with value and with the actual purchasing power of the dong. Prices must reflect each and every rational cost that society truly needs to incur in production and circulation. All costs, including the expenditure of labor and the consumption of materials under rational ceilings that reflect actual consumption, must be included in the prices of materials and goods. At the same time, these prices cannot be lower or higher than the actual purchasing power of the dong. Through accounting and business practices based on the new management system, efforts must be made to reduce costs and raise labor productivity in order to carry out the formation of capital for socialist industrialization.

--Setting prices on the basis of the plan being the center of operations, implementing economic accounting and socialist business practices and taking the initiative in applying the law of value and the law of supply and demand to insure that the state plan is implemented.

--Making the price of paddy the standard for calculating the prices of the other types of agricultural products and adjusting the entire price scale. There must be a rational division of functions and responsibilities concerning the management of prices, one that is consistent with economic development in the initial stage of the period of transition to socialism.

The procurement prices paid for grain and other agricultural products must reflect and help to implement the line on developing an agriculture that has a rational industrial-agricultural structure; reflect the alliance between workers and farmers under the new conditions of the proletarian dictatorship state; reflect the correct relationship between capital formation and consumption; and create the conditions for both agriculture and industry to develop and the living conditions of both farmers and workers to be improved.

The procurement prices paid for grain and other agricultural products are based on negotiations between the state and farmers, insure that producers cover all costs and provide them with a reasonable profit in order to provide incentive for farmers to produce. Procurement prices include a regional differential to encourage the development of specialized farming areas and new economic zones, with importance attached to areas that specialize in rice production. Thus, there are three factors that determine the procurement prices paid for grain and agricultural products: production costs within each area, the profit of the producer and supply-demand for the type of product being procured during each production season. Paddy procurement prices during each production season will be adjusted on the basis of the specific crop situation and supply and demand within each area.

The principle behind the adjustments to the price scale for industrial materials and goods is to fully calculate production costs, which include costs related to the means of production and the new wages being paid within the production sector. However, setting the prices of these products is a more complicated matter. To fully include all reasonable costs in production costs, it is necessary to begin by fully and correctly calculating all costs related to "input" factors. Due to many different reasons, production costs consist of costs that are irrational, for example, the costs of raw materials, building materials and supplies are too high; the expenditure of labor is too high; the utilization of equipment and machine capacity is very low; the indirect apparatus is cumbersome; the indirect workforce is large, etc. As a result, the productivity, quality and efficiency of production and business are low. Besides this, the mechanism by which production costs are approved and selling prices are set does not create the conditions needed to keep an accurate accounting of production costs. Consequently, if we were to include all costs at new prices and the new wages, production costs would soar; at the same time, the price of one product would "creep into" the production costs of another product, which would set off a chain reaction and cause the production costs of all industrial products and exported goods and transportation charges to rise to very high levels compared to the price scale that has been formed on the social market. And, as a result, the "output" would also not be acceptable to society and the price of paddy would no longer be the standard for the new price scale because the resulting widespread and large increases in market prices would force up the price of paddy and other agricultural products. If we were to fully calculate all irrational cost "input" factors and adjust for these factors on the "output" end by setting product marketing prices on the basis of what is acceptable to society, the selling prices of many important products would be lower than the base price and the state budget would be unable to compensate for the resulting very large losses. On the other hand, if we were to compensate for losses on the "input" end but not on the "output" end, we would essential fail to dismantle subsidization. The adjustments to prices would then fall into a vicious circle and fail to meet the established objective.

The actual situation forces us to select a transitional solution that prevents production costs, product marketing prices, retail consumer goods prices and the service prices of the state from exceeding the purchasing power of society, from carrying market prices beyond acceptable levels and from upsetting important economic relationships, especially the relationship between workers and farmers and the relationship between prices and wages. Consequently, the best approach to take is to set the prices of imported materials and the prices of other primary means of production on the basis of the price scale and price relations forming on the social market.

Thus:

--On the average, the comparative value within the internal balance of accounts for export goods is higher than for import goods. That is, one unit in foreign currency of imported materials and goods is sold domestically at a price lower than the amount of Vietnamese currency spent by us to procure the export goods needed to earn this one unit in foreign currency. The state budget must continue to carry this loss compensation account, but the compensation paid will be less than previously. As regards the difference in comparative value between the groups of export goods and the various types of import goods, the state will enact export-import taxes that will encourage exports, spur efforts to improve the makeup of exports and encourage frugality in the consumption of imported goods.

--Fixed assets depreciation is only being fully calculated for major repair work. Capital depreciation is only being calculated at a low rate, a rate too low to meet the need to replace fixed assets.

--The prices of materials for production and the retail prices of some industrial consumer goods are set at levels that require compensation for losses to some degree.

While urgently promoting the adjustments being made to the price scale this time, we are forced to satisfy ourselves with a transitional solution and accept a price level and comparative values that are not truly correct in order for production and business to operate normally and not stagnate. And, therefore, the state budget must continue to compensate for rather large losses but the rate of compensation will be less and the scope of compensation will be smaller. The formation of correct prices and correct internal balance comparative values entails a process. For the immediate future, we must continue to utilize transitional measures and will be unable to completely eliminate subsidization. For this reason, we are even more clearly aware of the pressing need to struggle to eventually achieve correct prices and totally eliminate subsidization. This process also provides time for basic units and enterprises, which can still do very much to reduce their production costs, during which they can take the initiative in reducing their production costs and achieving higher productivity, quality and efficiency in production and business. And, within a relatively short amount of time, national production costs will be established, that is, production costs which correctly and fully include all necessary costs incurred in the production of products.

Prices are the tool used to practice accounting and manage the economy. To develop upon the positive impact of the adjustments to prices, we must endeavor to maintain the new price system with the aim of stabilizing prices, which is an important element in stabilizing the economic situation and living conditions. To accomplish this, we must succeed in achieving state control of the market, most importantly control of grain and the other essential goods and materials, thereby insuring that goods are controlled at their source and distributed directly to consumers, that the market and prices are closely managed and that efforts are made to stabilize the market and prices. The well coordinated adjustments made to the price system and the new wage policy will provide cadres, manual workers and the armed forces with a better standard of living. The money exchange will help the state effectively manage money and meet the money circulation requirements of the new price and wage scales, which are exceedingly favorable factors for controlling goods, controlling money, controlling the market and stabilizing prices.

The adjustments made to the price system this time, which are a step in concretizing the resolution of the 8th Party Plenum, reflect revolutionary determination to dismantle bureaucracy and subsidization and create favorable conditions for while demanding the improvement of all elements of the management system, the shifting of all economic activities to economic accounting and socialist business practices and the formation of the new management system at an early date with a view toward stimulating the development of the economy in depth and developing each existing production potential better.

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REVISING OUR ECONOMIC THINKING

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 43-48

[Article by Nguyen Dang Quang]

[Text] Part I.

The resolution of the 8th Plenum of the 5th Party Central Committee on "prices-wages-money," which calls for the thorough dismantling of bureaucratic centralism and subsidization and a complete shift to economic accounting and socialist business practices, is a resolution of both practical and theoretical importance, a resolution that marks growth by our party and people in comprehending the laws of socialism and applying these laws in the realities of socio-economic leadership and management in our country.

To implement this resolution of the Party Central Committee, we must undertake, in a way that is well coordinated, many complicated organizational and ideological jobs in the fields of both practice and theory. Of paramount importance among these jobs is the task of revising the economic thinking of all working persons, beginning with leadership cadres and economic management cadres. What makes this job important is the relatively independent way that social consciousness develops. Our economic life during the past 10 years has proven that conservative, immature and outmoded aspects of our economic thinking have been one of the main factors impeding the process of revising our economic policy and revamping the economic management system to be consistent with the economic and financial conditions of our country, which fundamentally changed with the liberation of the South. This outmoded thinking, which is still prevalent on many levels of power, has constrained, threatened and even attacked new factors in production and business. It has forced laws to "worm their way in" and caused the dynamism and creativity of the masses, of basic units to take the form of "climbing down fences," to take "unlawful" forms.

However, objective laws ultimately prevail. Social consciousness not only has its backward aspects, but is also capable of leaping ahead to hasten the solution of social and economic issues that have come to the fore. Compelled by life and unwilling to allow the old management system to perpetually tie their hands, some localities, such as Ho Chi Minh City, Haiphong, Long An Province and Quang Nam-Da Nang Province, and a number of basic production and business units, such as the Thanh Cong Textile Mill in Ho Chi Minh City and the Exported Leather Shoe Enterprise in Hanoi, adopted, on the basis of the party's line, a new way of thinking in order to develop a new method of operating. Through this approach, a new style of economic thinking gradually emerged in economic practice, a style that was then generalized as theoretical viewpoints and given specific form as an economic management system, as production-business policies and regulations. It is an approach that has combined the "bottom and top," combined the thinking of the party and the sentiments of the people, combined awareness and spontaneity, combined leadership and ownership in the process of recognizing and applying economic laws.

Thus, our economic life during the past 10 years has clearly shown us the enormous impact that economic thinking has upon the management system and economic activity. If this thinking is an outmoded framework, it retards the process of renovating the economic management system and creates conservatism, inertia, rigidity and ineffectiveness in the management of economic processes. If it is a new factor that conforms with laws, economic thinking makes a decisive contribution in the establishment of a new management system, creates a state of dynamism and creativity among managers and eliminates bureaucracy, subsidization and the practice of relying upon others in production and business.

Our party has long recognized the need to dismantle bureaucratic centralism and subsidization and implement economic accounting and socialist business practices. However, it was not until the adoption of the resolution of the 8th Plenum of the 5th Party Central Committee that we clearly established the following: "It is necessary to completely dismantle bureaucratic centralism and subsidization and implement democratic centralism, economic accounting and socialist business practices as this is the only way that we can accelerate production and business in an efficient manner. This delay was due to many objective and subjective reasons, two of which stemmed directly from the level of our economic thinking: first, subsidization, although in some respects inevitable during the war, lasted for 30 years and became a habit, a part of our thinking, a part of our way of life and our approach to socio-economic management. Activities related to economic theory and instruction in economics have also been carried out against this background and in line with this system. Therefore, both practice as well as theory have created in our consciousness a style of economic thinking that has a very profound bias toward bureaucratic centralism and subsidization that cannot be easily eliminated. Secondly, the new style of economic thinking itself is only in the process of forming. Many points have yet to be clearly defined from the standpoint of theory and a sufficient practical model of this thinking does not yet exist. In terms of viewpoint, this style of thinking is relatively clear. However, in terms of the specific points in this thinking, there are still many obstacles to be overcome, the most difficult of which are prices-wages-money, the market and economic interests.

Therefore, to reform the economic system, we must reform our economic thinking. To reform our economic thinking, we must clarify and then eliminate those points in our old way of thinking that are outmoded, must illuminate the character and characteristics of the new thinking--scientific economic thinking that is consistent with the initial stage of the period of transition in our country.

Part II.

What is economic thinking? In brief, it can be defined as follows: economic thinking is the ability to recognize and apply objective laws (most importantly economic laws) to set a direction that is correct in the complex life of the economy and organize production and business activities in a way that is skillful and efficient.

Every stage of development of the economy, or every economic management system, demands a certain style of economic thinking, a style that is compatible with the stage or system. Therefore, each shift by the economy to a new stage or each change in the management system is accompanied by refinements or improvements in economic thinking. In the Soviet Union, now that the economy has shifted from development in breadth to development in depth, the main, most immediate requirement is to intensify the teaching of economics to the worker in order to cultivate modern economic thinking.

Economic thinking is organically tied to the economic activities of man. Economic thinking is a factor that is part of the very process of economic activity. As that which guides economic activities, economic thinking is a factor before, during and after all economic activities.

Economic thinking can be divided into the following five levels based on the scope and nature of economic activity:

--Theoretical level economic thinking;
--Strategic level economic thinking;
--Policy level economic thinking;
--Business level economic thinking;
--The economic thinking of the ordinary worker.

Each level of economic thinking has its own special characteristics and is, at the same time, closely linked to the other levels of thinking to form a system. Weaknesses in any level affect the entire system. For example, delays in the development of economic thinking on the theoretical level create difficulties on all the other levels of thinking. Unresolved problems in economic thinking on the policy level create very many difficulties for business level economic thinking. When scientific economic thinking is being formulated, it is necessary to correct this practice of "pulling in different directions."

To fully analyze the old and the new in economic thinking, we must also clarify the structure of this thinking. From the standpoint of structure, economic thinking consists of four main components:

--Viewpoints;
--Economic concepts and laws;
--The mode of thinking;
--The quality of thinking.

Let us examine each of these components and show the requirements that apply to each with regard to revising our economic thinking.

First: viewpoints, which are mainly those that relate to the political world view, which constitutes the very essence of economic thinking. In socialist economic thinking, the major portion of these views consists of the fundamental principles of Marxism-Leninism (in all three component parts) and the line of the communist party. Here, the shortcomings of the old economic thinking are manifested in the following areas: from the standpoint of world view, subjective voluntarism and a rigid, simplistic approach are still factors; from the standpoint of political economics, incorrect concepts exist concerning a number of economic relations and economic laws (for example, commodity relations, the law of value and so forth), politics generally takes precedence over economics and this has caused economic thinking to become non-economic thinking; as regards socialism, there are some immature and illusory concepts that are characteristic of sentimental socialism, of egalitarian socialism; in terms of policy, there is a less than thorough understanding of or a failure to concretize the view concerning collective ownership, the view on dismantling bureaucratic centralism and subsidization, the view on the various interests being in harmony, etc. Therefore, correcting these shortcomings is also a matter of revising our economic thinking.

Secondly, economic concepts and laws, which form the substance ofeconomic thinking: when discussing thinking, we are discussing a body of concepts. Without this body of concepts, no process of thinking can occur. Every economic law must also be expressed through an established group of economic concepts. Economic thinking is distinguished from the other forms of theoretical thinking by the fact that its concepts and laws encompass more than just the essence of economic relations. They constitute a multi-layer system of concepts and laws that encompass everything from the essence of economic life to its forms of expression. In other words, in economic thinking, economic laws no longer exist as abstract formulas but are translated into the language of life. The essence assumes a form that everyone can feel. Here, the outmoded aspects of our economic thinking are manifested as follows:

--Our thinking has proceeded on the basis of non-economic concepts, such as "allotments," "contributions," "procurements," "supply" and so forth.

--We have steered away from economic concepts associated with cost accounting and business practices, with material interests.

--We have rejected or seriously violated the law of value, the law of distribution in accordance with labor, commodity relations, the law of supply and demand and the role of the market, prices and wages.

--There is still a lack of understanding or an incorrect understanding of the economic concepts associated with the initial stage of the period of transition in our country.

--Obstacles are still being encountered that prevent us from recognizing and applying economic tools and levers (prices, wages, profits and so forth) in planning.

To formulate scientific economic thinking that is compatible with the initial stage of the period of transition and with the accounting-business system, we must focus our intelligence on reforming, amending, correcting and perfecting the body of economic concepts and laws and removing from it those concepts and viewpoints that arose from the system of bureaucratic centralism and subsidization and have now become outmoded. This requirement will not be easy to meet but we must begin taking urgent and positive steps in this direction. For example, we must establish the system of basic concepts (the plan-accounting-business practices-interests-transformation and so forth). On this basis, we must establish a far reaching, increasingly detailed linear series of concepts, layers of concepts which insure that initiative, creativity and timeliness can be displayed on all levels of economic thinking (for example, within the current business system, the concept "distribution" must be expanded into a linear series of concepts: wages, bonuses, social welfare, social allowances, interest rates, income, land rents, profit, the rate of returns from capital, etc.).

All economic concepts currently in use must be re-examined on the basis of the resolutions of the party and the various production-business models that have been reviewed. Numerous concepts must be replaced. For example, "allotments-deliveries" must be replaced by "buying-selling"; "in-kind relations" must be replaced by "commodity-money relations"; "subsidization" must be replaced by "self-supply"; "procurements" must be replaced by "contracts," etc. Economic thinking based largely on political-administrative relations must give way to economic thinking based mainly on economic relations and objective laws. By taking this approach, we will create scientific economic thinking.

Thirdly, the mode of thinking: generally speaking, economic thinking applies the principles of theoretical thinking, of dialectical thinking, the perfect model of which is the economic thinking of K. Marx expressed in "Das Capital." At the same time, economic thinking has a number of important special characteristics that stem from economic activity and the level of economic development. Many highly specialized research projects must be conducted to clearly define these special characteristics. Here, only some initial observations can be presented.

Economic thinking can only begin when there are economic interests, economic information and specific economic objectives and returns. This is an important special characteristic, one that distinguishes economic thinking from philosophical thinking and theoretical thinking in mathematics and the natural sciences. Without economic information, without specific economic objectives and returns, economic thinking remains nothing more than logical deductions, the intent of which is to draw specific economic solutions from the logic of theory, not from the logic of life. Such is anti-economic thinking.

Thinking that is poly-linear--integrated, thinking that is closely tied to a specific economic management system are also special characteristics of scientific economic thinking. Within the system of bureaucratic centralism and subsidization, there is virtually nothing by way of economic thinking or only economic thinking in form only because, here, the concepts of prices, accounting, losses and profits are applied in name only: profits are fake but losses are real and even the completion of plans is artificiallycontrived. Under this old system, the various levels of economic thinking are separated one from the other and, in some cases. even contradict and constrain one another.

Within the accounting-business system, each level of economic thinking has its own special characteristics but all are oriented toward a common objective. For example, on the theoretical level, thinking deals primarily with the essence of economic processes, with resolving, in terms of theory and viewpoint, problems that arise from economic practice, thereby establishing a theoretical base and methodology for the other levels of thinking.

Whereas strategic level economic thinking focuses on the development of the motivating forces and basic sources of the economy over long periods of time, business level economic thinking is very clearly of a day-to-day tactical nature and therefore must be very dynamic, very creative and generally fits no pattern at all. Here, thinking occurs when opportunity presents itself, not simply during business hours, occurs in the "market," not within the offices of agencies. Here, thinking occurs in response to the laws of life and does not wait for an order to be issued, for a button to be pushed or the green light to be given. If policy level thinking is characterized by bureaucratic centralism and conservatism, it forces persons to "sneak by," to "climb over fences," to chose that which is rational even though it is known to be unlawful. In summary, business level economic thinking requires the skill of a helmsman at sea. This thinking, while complying with objective laws, must always place the worker in the position of foremost importance and always attach importance to the worker's interests and intelligence, considering these to be the true source of all social wealth and each social value.

The old style of economic thinking defies laws and disregards the position of man within the production system. Within the management system characterized by bureaucratic centralism and subsidization, economic thinking also becomes a kind of monopoly and a form of subsidization.

Fourthly, the quality of economic thinking: this quality creates the unique nature of each person's economic thinking or the features that characterize the style of thinking of different generations or strata of economic cadres. In our country, the maintenance of bureaucratic centralism and subsidization far beyond the time necessary has "created a stratum of conservative, old fashioned cadres who rely upon others, are irresponsible and lack dynamism (...), who, instead of calculating economic efficiency, need only to 'request an allotment' from the upper level, who constantly adhere to outmoded, restrictive regulations and lack creativity in the application of policies and measures to new conditions."(1)

In fact, the tendency to rely upon others, the practice of tying the hands of others, irresponsibility, rigidity and a non-economic approach are commonplace among economic cadres on the executive level. Among economic cadres on the management level, we find the attitude that they are doing favors for others, an overbearing attitude, a propensity toward issuing orders and imposing requirements upon the lower level, a disregard for economic laws and a disregard for material incentives.

Gratifying is the fact that, over the past 5 years, in the process of combating bureaucratic centralism and subsidization and shifting to economic accounting and socialist business practices, many skilled directors have emerged who think intelligently, bravely and creatively. Their economic thinking is characterized by dynamism, self-confidence and independent thinking based on the perspective of their particular business; daring to be decisive, be creative and assume responsibility, giving attention to finding forces that motivate and stimulating these forces; making economic efficiency the standard of economic thinking and not allowing old theories and outdated regulations to constrain their thinking or the way that they operate. The thinking of these persons is deep in terms of viewpoints and revolutionary in terms of concepts. Their thinking is practical and concrete and reflects the independent attitude of a person whose way of working is that of large-scale production.

Part III.

Thus, a scientific style of economic thinking has emerged and formed within our country's economic life, a style of thinking that began at basic units. It has been given birth by a difficult process in the struggle being carried out to change and improve the economic management system in order to meet the socio-economic targets set by the party's 5th National Congress of Delegates. It has been enthusiastically welcomed by many persons but has also been reacted against by a number of others. Whereas the resolution of the 6th Plenum of the 4th Party Central Committee announced the birth of the new economic thinking, the resolution of the 8th Plenum of the 5th Party Central Committee announced the decision to apply it in life and officially adopt it in place of the outmoded thinking that existed for too long and caused so much harm to our society.

Thinking is not something that can be imposed. Revising our economic thinking is the task of each person. Awareness will hasten this process.

However, because the old way of thinking has become very deeply entrenched, has become the habit of several decades and because the new style of thinking is only in the process of forming and not all questions concerning each of its component elements or each level of this thinking have been completely answered, the responsibility of research organizations, of centers for theoretical studies and the various training systems is very large. All cadres who were trained and gained their experience under the system of bureaucratic centralism and subsidization must be retrained through appropriate programs. Textbooks must be rewritten, not only those on political economics and economic management, but also books that have been written on scientific socialism and philosophy. Because, the foundation of socialist economic thinking lies in all three component elements of Marxism-Leninism. We should not think that teaching economic thinking to everyone is only the task of Marxist political economics. It was not until after he shifted from idealism to dialectical materialism, from the stand of revolutionary democracy to the stand of communism that Karl Marx himself was able to delve into the economic field and establish the economic thinking of the proletariat, a style of economic thinking that goes far beyond every preceding level of thinking reached in history.

One interesting and highly effective measure that can be taken is to learn the new thinking through the new factors that have emerged within the economy, through the various economic models that have been affirmed. Regrettably, the effort to review and introduce these models has not been carried out well. In particular, attention has not been given to clearly defining how the process of revising our economic thinking has unfolded and how it has contributed to the creation of these economic models.

The holding of two training classes in the eight directives of the Party Secretariat on agriculture, forestry and fishing is also a good approach to take, one that is essentially a form of training designed to cultivate scientific economic thinking through the realities of a sector.

However, in every job, overexaggerating or simplifying things as well as idealizing the new can lead to mistakes. The new style economic thinking that we call scientific economic thinking, even if it were fully established today, only represents one stage in the continuous development of thinking. Moreover, the shift to the new economic management system is not one marked solely by favorable circumstances. Our economy is in an abnormal stage and changing quickly. Therefore, it is much more difficult to correctly recognize and creatively apply economic laws. But it is this that lies at the heart of economic thinking.

FOOTNOTES

1. "Van kien Dai hoi V"[Proceedings of the 5th Congress], Su That Publishing House, Hanoi, 1982, Volume 3, pp 50-51.

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FORTY YEARS OF DEVELOPING THE OWNERSHIP ROLE OF WORKERS AND FARMERS

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[Article by Nguyen Huu Dao]

[Text] During the past 40 years, under the correct leadership of our party headed by the great President Ho Chi Minh, our people have written the most beautiful chapters in their history and brought our country into a new era, the era of national independence and socialism.

The brilliant victories won by our people over the past 40 years have been the result of many factors, among which one very important factor has been the high degree to which our party has developed the ownership role of the working class and farmers in the course of the revolutionary struggle. As a result of this, the working class and farmers acquired enormous strength and truly became the force of activists within the united bloc of all the people. They have achieved a combined strength that has helped our people overcome countless difficulties and challenges, win victory over every enemy aggressor, win independence and freedom and advance toward socialism.

With the successful August Revolution in 1945, the People's Democratic Administration was established in our country. This was one of the most important turning points in our nation's history. The mass of laboring people in our country, once slaves, once persons who worked for hire, became the true masters of their lives.

However, since shortly after the August Revolution, our people have fought almost continuously against long and fierce wars of aggression and sabotage waged by the enemy, first by the French colonialists, then by the U.S. imperialists and then by the Chinese expansionists and hegemonists and their lackey clique.

In the 40 years that they have been following the clearsighted leadership of the party, the workers and farmers of our country have strongly developed their ownership role in the establishment and consolidation of the revolutionary administration as well as in each field of production and combat.

In fact, following the August Revolution, immediately after it was born, our very young administration had to contend with countless difficulties caused by domestic and foreign enemies. Along with all the people, the working class and farmers, the main force in our country's revolution and its most enthusiastic participants, arose and defended the revolutionary administration with everything at their disposal. As a result, the revolutionary administration was not "crushed in its infancy" as desired by the enemy, but was rapidly strengthened from the central to the basic levels.

The first general election, which was held to elect the National Assembly, and their participation in drafting the Constitution of the Democratic Republic of Vietnam were a very clear expression of the role played by workers and farmers as the masters of the country. Displaying their spirit of ownership, workers and farmers eagerly joined the national defense force and security organizations, as a result of which our revolutionary armed forces grew quickly and were strong enough to crush many organizations of Vietnamese traitors and reactionaries. At the same time, workers and farmers actively participated in the various movements to wipe out the enemies of ignorance and hunger and began making inroads on several fronts at once.

In response to President Ho's appeal for a nationwide war of resistance against the French colonialist aggressors, 1 million able-bodied youths, mainly workers and farmers, eagerly joined self-defense, militia, guerrilla and troop units. A sizable force of workers transported tens of thousands of tons of machinery and equipment into the mountainous jungles to produce weapons, ammunition... and build the resistance war industry. By 1947, in the national defense industry alone, the working class had built 168 arsenals and established thousands of sections to produce and repair small weapons within the various localities with a view toward promptly equipping the people's armed forces for the fight against the French colonialist aggressors.

By 1950-1951, many new products had emerged within the national defense industry, such as KT bullet presses, gunpowder mixing machines, lathes, etc. A number of important industrial sectors came into being. The makeup of the administration, from the central to the basic levels, included a rather high percentage of workers and farmers. They accounted for 20 percent of the members of people's councils on the provincial and municipal levels and from 33 to 72 percent of the members of the people's councils on the village level.

During the final years of the resistance against France, the working class and farmers made increasingly large contributions to the resistance. In the 9 major campaigns that were conducted (the border, midlands, Route 18, Ha Nam Ninh, Hoa Binh, Northwest, Upper Laos, Central Highlands and Dien Bien Phu campaigns), 1,741,381 farmers participated as corvee laborers and worked a total of 53,301,570 mandays. Between 1950 and 1954, farmers in the free zone contributed to the state 1.5 million tons of paddy in taxes (this figure does not include the corn, potatoes, cassava and food products contributed by them). In particular, the farmers within the occupied zone in the seven provinces of the Red River Delta, although tightly controlled by the enemy, sent to the free zone some 200,000 tons of paddy and contributed 7.5 million mandays to support the frontlines. Workers produced many weapons, much ammunition and other products to support the resistance.

Augmented by an increasingly large force of sons and daughters of the working class and farmers, our people's armed forces steadily grew from small units into powerful divisions. They acquired the ability to conduct and insure victory in large-scale, lengthy campaigns, typical among which was the 1953-1954 winter-spring strategic offensive, the highpoint of which was the historic Dien Bien Phu campaign.

Following the signing of the Geneva Agreement in 1954, although the strategic tasks of the revolution in the two regions of our country differed, they were closely interconnected, had an impact upon each other and were designed to achieve common goals: defending the North, liberating the South, reunifying the country and setting the entire country on the path to socialism. In view of these circumstances, advancing to socialism from a backward agricultural economy meant that the working class and laboring farmers of the North faced a difficult struggle in gradually upgrading the economy to large-scale, socialist production.

By undertaking socialist industrialization to build socialism in the North and establish a solid base of support for the cause of liberating the South and reunifying the country, the working class of the North gave clear expression to their role as masters of the country by building a relatively well developed industrial system, a system that included a number of modern sectors and produced means of production to retool the national economy and for exportation. By 1975, the working class, which had begun as a very small force of workers whose educational, scientific-technical and professional qualifications were inadequate, had developed into a large force of workers who possessed stable political thinking, rather high educational, scientific-technical and professional standards and the ability to solve many difficult and complex technical problems encountered in the process of developing production.

To make positive contributions to socialist industrialization, the central task, and build upon the victory of agrarian reform, laboring farmers enthusiastically participated in the socialist transformation of agriculture, embarked on the path of earning their livings collectively, developed agricultural production and became socialist collective farmers. As a result, the position of the North's farmers from the standpoint of their role as masters of the country was changed and improved and farmers acquired the basic conditions needed to join the working class in continuing to develop upon their role as masters in accordance with the requirements of socialism.

In conjunction with taking positive steps to accelerate production in order to build socialism, the working class and the class of collective farmers in the North, along with their fellow countrymen in the fraternal South, directly fought the U.S. imperialist aggressors. In the fight against the war of destruction waged by the U.S. invaders against the North, every factory, enterprise, worksite, state farm, forestry site and cooperative truly became a fortress "determined to fight and win victory over the U.S. aggressors." Worker self-defense units and guerrilla militia units in all localities of the North recorded many outstanding feats of arms: many aircraft were set afire, many warships were sunk and many pilots were captured (during the two phases of U.S. attacks against the North--1965-1968 and 1972--worker self-defense units alone shot down 113 of their aircraft).

Primarily an army of sons and daughters of the working class and class of collective farmers, our people's armed forces encompassed three elements of the military with strong main force military corps, modern technical branches and services and cadres and soldiers who are rich in patriotism and love of socialism, whose educational, scientific and technical standards are quite high and who have become increasingly proficient in the use of relatively modern and modern equipment and weapons. In the resistance against the United States for national salvation, the class of collective farmers in the North sent millions of their sons and daughters into the people's armed forces and mobilized an enormous quantity of materiel, including tens of millions of tons of grain and food, for the resistance. By building the socialist North into a rear area that was solid and strong in every respect, by wholeheartedly supporting the revolution in the South, the working class and class of collective farmers in the North made exceedingly important contributions to the great victory of the general offensive in the spring of 1975, the pinnacle of which was the historic Ho Chi Minh campaign. This was a turning point that put the working class and the class of collective farmers, put all our people in the position of being the masters of the entire country in every respect, the masters of the entire country amidst independence, freedom and socialism.

The role of the working class and collective farmers as the political masters is evident in the fact that representatives of theirs have accounted for an appropriate and growing percentage of the representatives elected to the agencies of the state. Of the 366 deputies elected to the 3rd National Assembly in 1964, 71 were workers and 96 were farmers. Of the 420 deputies elected to the 4th National Assembly in 1971, 91 were workers and 90 were farmers. Of the 424 deputies elected to the 5th National Assembly in 1976, 93 were workers and 90 were farmers. Workers and farmers also account for a considerable percentage of the representatives of the people's councils on the various levels.

Since our entire country became independent and reunified and began advancing toward socialism together, our people, in 10 years marked by more than a few difficulties and obstacles, have been carrying out the two strategic tasks of successfully building socialism and firmly defending the socialist Vietnamese fatherland. Under the correct leadership of the party, the working class and farmers of our entire country have been and are developing upon their role as masters in order to carry out the tasks set forth by the party. In 1984, the 3.5 million manual workers and civil servants of our country, who make up 6 percent of the population and 16 percent of society's labor force, produced 37 percent of total national income and provided 65.1 percent of state budget revenues. As regards farmers, 96.6 percent of the total number of farm households in the northern provinces are members of agricultural cooperatives (88.4 percent of households are members of high level cooperatives); in the southern provinces, 52 percent of the total number of farm households and more than 40 percent of all cropland have been brought into collective production. Together with the consolidation and development of the agricultural cooperativization movement, production in the countryside is taking new strides forward. Many agricultural cooperatives have achieved average yields of 10 tons of paddy per hectare under cultivation. In recent years, the value of total agricultural output has risen relatively rapidly. And, along with the other strata of the people, our country's working class and farmers have been and are contributing manpower and materiel to maintain the fatherland's sovereignty over its borders and fight the war of encroachment and occupation and the wide-ranging war of sabotage being waged by the Chinese expansionists and hegemonists.

During the past 40 years, the ownership role of the working class and farmers of our country has been brought to a high level of development mainly as a result of the concern and leadership provided by our party. On the basis of the principles of Marxism-Leninism and clearly aware of the country's circumstances, our party correctly assessed the position and role of the working class and farmers. On the basis of confidence in their political awareness and revolutionary will, it has stressed the importance of their role as masters. At the same time, it has adopted specific, appropriate lines and policies during each period of the revolution with the aims of developing their strength to a high degree and satisfying their vital interests.

Our party holds that the working class is the class that leads the revolution through its party, is the only class capable of leading the people in arising and becoming the masters of their destiny, is a class whose basic interests are identical to those of the other strata of the laboring people. The issues of the revolution must always be resolved from the perspective of the stand and viewpoint of the working class. On the other hand, the party also has a high assessment of the revolutionary spirit and ownership role of laboring farmers.

The farmers of our country possess a very high national spirit and ardent patriotism. They have wholeheartedly followed the party ever since its founding more than one-half century ago and have established ever closer ties with the working class. Along with the working class, they have truly become the largest and most powerful force of our people in the cause of winning independence and freedom and advancing to socialism. Farmers are truly the natural, very dependable ally of the working class. In the course of following the revolution, farmers have not only pressed demands for cropland, but also for national independence and fundamental changes in the hard life that they have been living for generations, demands to build the new society and advance to socialism. Therefore, our party has always concerned itself with establishing a satisfactory balance between the interests of workers and those of farmers by strongly developing their role as masters and creating the conditions for farmers to contribute to the nation's common cause. Our party has attached importance to struggling against both "leftism" and rightism regarding the farmer issue. In particular, it has fought the attitude of ignoring the enormous revolutionary capabilities of farmers. It has also given its attention to the struggle against confusing the alliance of workers and farmers with the front policy, against rightism in the front policy, against pursuing an "upper stratum policy"...which have influenced the process of awakening and mobilizing the powerful revolutionary forces of farmers. At the same time, the party has also fought tendencies to follow the masses and relax the party's leadership in establishing the alliance of workers and farmers. Therefore, the working class in our country, although not large, has greatly increased its strength as a result of closely aligning itself with farmers. Farmers, a large but decentralized force, have become a very powerful revolutionary force as a result of aligning themselves with the working class and following the leadership of the party.

In the various periods of the revolution, our party, on the basis of this solid and strong alliance of workers and farmers, who have truly been the force of activists within the united bloc of all the people, has brought each stratum of the people together, united the various nationalities, religions and patriotic political parties, won the support of all forces at odds with the common enemies of the nation, formed and built a broad united national front and achieved the large combined strength of the entire country in order to win victory over the enemy and successfully carry out each task of the revolution. As a result, our party's right to lead the revolution has become ever more firmly established. During the past 40 years, our party's political prestige and its right to lead have been absolute because they stem from the strength of the entire nation, the nucleus of which is the alliance of workers and farmers.

Today, under the leadership of the party, the working class and farmers of our country are continuing to develop upon their role as the collective masters in the work of building socialism and defending the socialist Vietnamese fatherland. This is one of the basic guarantees that our people will win many more victories.

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CONCERNING THE MATTER OF RAISING THE QUALITY OF CONFERENCES

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 54-55

[Article by Phan Van Dang]

[Text] It can be said that the quality of conferences is a measurement of the ability of the various party committee echelons and sectors to lead and guide. Thus, to which matters concerning the quality of conferences must our attention be given?

A most honest answer to this question can be found by examining the disappointment that some cadres feel after attending some conferences. The general attitude among cadres attending a conference is that they want to have the true situation accurately reported to them and specific causes clearly analyzed so that appropriate steps can then be taken to solve difficulties, develop upon things that are good and correct and prevent things that are not good. In this way, understanding is deepened, thinking is elevated and the ability to organize implementation is improved. However, some conferences fail to satisfy these legitimate desires.

And what is the situation we find at some conferences? The atmosphere at these conferences can be said to be one of boredom and monotony, an atmosphere lacking excitement because much time must be spent reading or listening to reports and proposals, the contents of which do not correctly reflect the actual situation. The contents of these documents are known by heart by virtually everyone attending the conference because they have heard the same thing said many times and have repeated it to others many times when explaining these documents back at their units. But the real problems and difficulties of the locality are never mentioned nor are specific solutions proposed.

The specific figures presented in reports are necessary but these figures must be accompanied by an analysis of the causes of successes and failures. Otherwise, it is difficult to grasp the essence of the situation and we lack the basis needed to develop effective ways to stimulate the development of the situation.

It is also necessary for conferences to set work norms. However, we must realize that these norms cannot become reality if our approach to the work at hand is not thoroughly discussed, if the thinking and organization required are not clearly defined. Because some conferences are divorced from reality, shortcomings, inertia and obstacles are not thoroughly corrected or overcome. As a result, although the necessary capabilities exist, the results of work can be low compared to requirements. And, also as a result, although the number of conferences held is many, the results of work are not. There are even some jobs that are raised at every conference but still have not been started.

In addition, the quality of conferences is not high because the principle of democratic centralism is not being truly respected. As a result, there is still a lack of democracy and the degree of centralism is also not high at conferences. Differing opinions are not debated in order to shed light on issues and reach clear conclusions. Because, conferences are allowed to "drift," everyone implements resolutions with a different understanding, everyone takes their own approach and there are even cases in which it makes no difference if anything gets done. Because the spirit of responsibility is not high, persons blame one another and self-criticism and criticism are neither bold nor forthright. At some times and places, because democracy is not practiced, the intelligence of the collective is limited to some extent. Cadres who want to present the truth are careful about what they say. Sometimes, leaders not only ignore persons who boldly speak openly, but also develop a prejudice toward such persons.

If, when assessing the situation, we do not boldly take a hard look at facts that are unpleasant, there is no way that things which are pleasant can come to us. When persons maintain that giving much attention to shortcomings is a pessimistic approach that detracts from achievements, reduces confidence and so forth, they are only doing so because they like to be flattered, like to brag about their achievements. These attitudes only serve to limit the ability of the collective, to reduce confidence, to reduce the level of unity and consensus within the collective, not the opposite.

The purpose of evaluating the situation is to improve it. Consequently, it is necessary to have a truly firm grasp of the party's line, to keep abreast of reality, to understand the special characteristics of each place. A capability does not of itself become a reality. It does so only through practical skills. Because, no achievement is accidental, no job only proceeds smoothly and no skill in the art of mobilizing talents can take the place of organizational efforts and still produce the desired results.

Clearly, the quality of conferences cannot be separated from the ability to lead and guide a conference. Only when the quality of conferences is improved can the results of implementation be numerous and good.

The quality of conferences also depends upon how well we observe and keep abreast of changes in the situation as we go about our work. The quality of conferences cannot be improved if our style is bureaucratic, if our approach is cursory, divorced from reality and less than thorough, if we are too lazy to think. The quality of conferences also depends upon the preparations made for conferences. Preparing for a conference entails an entire process, a concentrated effort, not simply compiling perfunctory statistics backed by general, cursory observations and making copies of the resolution of the upper level. Only by thoroughly preparing for conferences is it possible to avoid one conference duplicating a previous conference, avoid confusing the function of the agency convening the conference.

To improve the quality of conferences, we must make changes and improvements in many areas, proceed systematically, be steadfast in our effort and raise the quality of conferences gradually. The party committees must bring about change first to set an example for the various departments and sectors. The upper levels must set good examples for the lower levels to follow.

Although this is an issue marked by complex problems and difficulties, by displaying a high degree of revolutionary militancy, by being practical and creative, we will surely succeed in bringing about good changes in the quality of conferences.

7809
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THE CROP INSURANCE CORPORATION AND AGRICULTURAL PRODUCTION WITHIN KIEN AN DISTRICT

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 56-61

[Article by Ngo Van Duong]

[Text] In the fields of Kien An District (Haiphong) in recent years, crop pests have become increasingly numerous as the introduction of new, high yield varieties in agricultural production has been accelerated. Pests have reduced the yields of rice by 15 to 20 percent. The quantity of paddy lost to pests each year has been enough to feed several tens of thousands of persons.

One of the reasons for this situation was the fact that crop protection was still organized along the lines of small-scale production, wasstill being handled separately by each individual agricultural cooperative. Some places failed to strengthen their crop production units in a manner consistent with the new method of contracting and generally left the prevention and control of pests up to cooperative member families. The district crop protection station's operations were subsidized and administrative in nature. The station did not play the role of a scientific and technical center supporting agricultural production within the district. The relations between the district and the agricultural cooperatives with regard to guiding the distribution and use of pesticides were still marked by many shortcomings and did not promptly or effectively support production... As a result, pesticides, the supply of which was small and decentralized and which were not being applied in a technically correct manner, were also being wasted, being used ineffectively and sometimes being used in a way that resulted in the poisoning of workers.

In early 1984, on the basis of the requirements involved in protecting and developing agricultural production, the Kien An District Crop Insurance Corporation came into being as an outgrowth of the district crop protection station.

When it was first established, the corporation had 28 cadres on the state staff and 297 crop protection workers at cooperatives working under contracts to the corporation. The corporation represents a new feature in the division and organization of agricultural labor within the district today. Due to the important nature of their work, 11 of the corporation's 12 agricultural engineers work in its professional technical section. These key scientific-technical cadres work primarily at basic production units, where they provide direct technical guidance of the activities of the crop protection units within the cooperatives. On the average, each engineer is in charge of 500 to 800 cultivated hectares. Consequently, better results have been achieved in technical management, technical control and the handling of pest situations compared to when each was in charge of thousands of hectares. The cooperatives have selected persons and established a crop protection unit based on each crop protection worker being in charge of 25 hectares of land under cultivation. These workers are paid by the corporat on at a contract rate (not to exceed 300 kilograms of grain per season). In terms of the professional and technical aspects of their work, the crop protection units are under the direct management of the corporation. All other aspects of their work are managed by the cooperative. In order to provide unified guidance and close coordination of activities between the corporation and basic production units, the crop protection engineer of the corporation operates under specific weekly and monthly schedules in his work with the deputy director of the cooperative in charge of crop production and the chief of the crop protection unit.

With its primary function being to serve as the state agency that manages crop protection within the district and as a technical service organization that prevents and controls crop pests for agricultural cooperatives, the corporation has the following main tasks: to conduct field investigations, promptly detect pest outbreaks, quickly provide information on the pest situation and effectively prevent and control pests; to formulate plans and select the best ways to protect crops; to thoroughly prepare the pesticides and equipment needed to control pests and promptly initiate efforts to prevent and control pests in fields by many different methods; to work with cooperatives and crop protection units in examining and evaluating the results of pest prevention and control efforts and the implementation of contracts by the various parties, etc.

On the basis of these tasks, the corporation has defined the specific task of each type cadre and technical worker in a way that closely ties the fulfillment of their responsibilities to their interests.

The corporation's mode of operation is to provide crop insurance under responsibility contracts between the corporation and agricultural cooperatives. The director of the cooperative and the director of the Crop Insurance Corporation personally sign a contract with one another as equals and on a voluntary basis. The district people's committee guides the operations of the corporation and also serves as the economic arbitration organization for these contracts.

The corporation's operations are based on the principle of independent cost accounting. The corporation covers its costs through its revenues and sets aside a reasonable percentage of its income to provide insurance funds for the next year. For its first several years, the corporation is temporarily setting the fee to be paid by cooperatives each season at 2 percent of paddy output as determined by the yield statistics for each area. In subsequent years, maximum cost ceilings will be the basis upon which a reasonable fee rate is set.

Because its activities are in the nature of a technical service, the cost accounting practices of this crop insurance corporation differ from those of corporations within the fields of production and business. Profits do not directly accrue to the corporation but are determined by the increase in paddy output on fields as a result of limiting the losses that would have otherwise been caused by pests.

Crop insurance contracts consist of clauses defining the responsibilities and interests of and the working relationship among corporation cadres, the cooperative management board, the basic crop protection unit and cooperative members in the specific areas of production. The rates at which compensation is paid to the cooperative for damages caused by pests are also stipulated. These rates are based on output statistics for the area. For example, if pest damage amounts to less than 10 percent of the output of the 10th month crop and less than 5 percent of the output of the 5th month-spring crop, the corporation pays no compensation. If the extent of damage is 10 to 20 percent, the cooperative is paid compensation amounting to one-fourth of the damage incurred. If the extent of damage ranges from 30 to 40 percent, the cooperative is paid compensation amounting to one third of the damage incurred. If the extent of damage is 50 percent or more, the cooperative receives compensation amounting to one-half of the damage. If the damage is total, the cooperative is paid compensation by the corporation amounting to 100 percent of the damage incurred.

In the short period that it has been in operation, the Kien An District Crop Insurance Corporation has made important contributions to protecting production and creating the conditions for agriculture to develop in a steady and stable manner. The activities of the corporation have had an impact in many areas:

First, they have significantly reduced the extent of pest damage to crops and made it possible to stabilize grain yields and further increase grain output.

In 1984, especially during the 10th month season, pest damage to rice was many times worse than ever before. Meanwhile, the quantity of pesticides available, including reserve supplies, had not increased compared to previous years and was, in fact, very small compared to how much was needed in production.(1) However, through the positive efforts of the corporation, crops were protected well.

During the 1984 5th month-spring season, the corporation only used 65 percent of the average amount of pesticide used during previous 5th month-spring seasons but held the damage caused by pests at the 24 cooperatives with which it had insurance contracts to an average of less than 5 percent. Meanwhile, at the An Thang Cooperative, which did not enter into a crop insurance contract, damages amounted to 14.6 percent.

During the 1984 10th month season, all 25 agricultural cooperatives took out insurance for all land under the cultivation of rice. Pest damage throughout the district averaged 8.8 percent (1.2 percent below the level allowed). Meanwhile, at other places within the area, pest damage ranged from 17 to 28 percent. It has been estimated that, during the two crop seasons in 1984, as a result of the success achieved in preventing and controlling pests, the district reduced the losses to pests by more than 2,000 tons of grain. This initial result is of important significance because it confirms that we have the ability to protect crops over a large area and shows that agriculture can be protected and pest damage can be controlled despite the limited supply of pesticide being provided to agriculture by the state provided that we know how to distribute, manage and use pesticides effectively and organize pest prevention and control efforts well.

The results of these activities also show that protecting crops is truly an important technical measure in practicing intensive cultivation in order to raise crop yields, a measure that actively contributes to resolving the grain and food problem within the district.

Secondly, through the implementation of crop insurance contracts, the use of "non-specific" contracts in crop protection is combatted and favorable conditions are established for correcting the practice of using "non-specific" contracts in the other areas of production.

Within the crop insurance contract, the correct implementation of technical standards in farming is an important measure in taking a combined approach to the prevention and control of pests. It is also one of the specific criterion for determining the amount of compensation to be paid for damages to cooperatives and each family that enters into a crop production contract. Therefore, the cooperative member must, on his own initiative, meet the requirements regarding planting, cultivation and harvesting as set forth in the planning and the production plan of the cooperative. The cooperative must reorganize its specialized units to bring them in line with current contracting practices. The activities of the corporation have made the cooperative management board and the production unit command section responsible to each other and corrected the laxity that has existed in the management of production. The implementation of crop insurance contracts reflects economic ties between the state-operated and cooperative sectors and has led to closer economic relations between the state and cooperatives and their members. The impact of all these factors upon production has created new, favorable conditions for gradually eliminating the use of "non-specific" contracts in many elements of the production process, thereby helping to gradually perfect the product contract system within agriculture.

Thirdly, having shifted from activities of an administrative, subsidized nature to economic accounting, the Kien An Crop Insurance Corporation has been able to display initiative and creativity, to operate in an effective manner and combine the economic interests of the state, the collective and the individual laborer better.

In 1984, the corporation collected 594.297 tons of paddy in fees from the cooperatives. It dispersed these revenues into its main accounts as follows:

96.27 tons, 16.2 percent of total revenues, were paid to corporation cadres in wages and bonuses; 143.959 tons, 24.2 percent of total revenues, were paid as wages to the 297 specialized crop protection workers at the cooperative; and 243.958 tons, 41 percent of total revenues, were paid as compensation for damages.

Thus, by taking this approach, the corporation has been able to cover production costs, establish additional material-technical bases and establish insurance funds for the next year. On this momentum, in the space of only 5 or 6 years, the corporation will have an insurance fund as large as its revenues in 1984. This will be marked progress because it will represent the end of the ineffective subsidized way of operating of past years. If the other elements of the production process (the preparation of fields, the construction of water conservancy projects, fertilization, the preparation of seed and so forth) are also handled in this way, the district can eventually provide crop insurance in the full sense of the term. In addition, it will also be able to establish grain reserves to guard against crop failures caused by natural disasters. This will also increase the economic potentials of the district and enable the state to take the initiative in helping farmers to quickly overcome the consequences of natural disasters or enemy attacks.

With the adoption of profit and loss accounting, the management and distribution of pesticides have also been improved. Waste and losses have been avoided and the requirements of basic production units have been quickly met. Negative phenomena, embezzlement and much red tape have also been avoided.(2)

The activities of the corporation provide cooperatives and their members with considerable benefits. Compared to previous cost levels, the average contribution to the insurance fund of 25 kilograms of paddy per hectare per season (about 1 kilogram of paddy per .1 mau per season) is quite acceptable to cooperatives and their members. The income of corporation cadres and the specialized crop protection workers at cooperatives has also markedly risen. At cooperatives, each member of the crop protection unit earns an income equivalent to that of a skilled laborer who works under contract. At the Tan Vien Cooperative, one person earned 210 kilograms of paddy in one season from crop protection work.

Fourthly, through the activities of the corporation, scientific-technical cadres are being utilized in the way that best employs their strengths and specialized skills, are motivated by timely material incentives and, as a result, are hard working and truly a part of production. On this basis, the crop protection network has been strengthened from the district to the cooperatives, thus creating the new strength of specialization in labor within the district. The approach of combining the technical cadres of the state and those at agricultural cooperatives, as the Kien An Crop Insurance Corporation has done, represents a flexible and effective application of the guideline "the state and the people working together." As a result of this approach, scientific and technical advances in crop protection have been widely applied within agriculture, which has helped to quickly extinguish pockets of disease in a way that involves low costs but yields high economic returns.

Fifthly, through its efforts to guide the operations of the corporation, the district has gained much experience in organizing other technical services with a view toward providing comprehensive crop insurance encompassing everything from the preparation of fields, the construction of water conservancy projects and the application of fertilizer to the processing of seed and crop protection. Once this has been achieved, the conditions will exist for further accelerating the process of specialization and centralization, thereby helping to steadily advance agriculture to large-scale, socialist production.

The correct direction that has been taken by the Kien An Crop Insurance Corporation and the effective activities that it has been conducting in support of agricultural production have been proven by practice to be a new factor in the way that agricultural technical services are organized within the district. The Kien An District Crop Insurance Corporation has now become a good model, has taken the lead in supporting agriculture in the manner of large-scale, socialist production. This model is being studied and applied with good results by many localities. What is new about this corporation is not only the fact that the model it represents has many strongpoints. More important is the fact that the corporation has boldly introduced an effective way of operating and has defined, in clear and more concrete terms, the specifics involved in building the district level as well as in perfecting the product contract system in agriculture.

From the activities of the corporation, a number of initial experiences can be drawn concerning how to organize crop production technical services.

First, it is necessary to properly prepare for the signing of contracts between the corporation and cooperatives by including in these contracts specific, complete provisions concerning fees and the rates at which compensation is paid for damages and by clearly defining the responsibilities of each party to the contract in the spirit of voluntarily participating as equals in economic relations and cooperating with and assisting one another under the guideline "the state and the people working together."

Secondly, the technical cadres of the corporation must be present at agricultural cooperatives on a regular basis, must dare to take action and dare to assume responsibility for their decisions on how to prevent and control pests. There must be a close relationship among the corporation cadre, the deputy director of the cooperative in charge of crop production and the head of the crop protection unit. The activism, initiative and creativity of cooperatives and their members must be tapped. Cost ceilings and material delivery schedules must be clear and made public. Payment must be fair and made under the supervision of both the corporation and the cooperative.

Thirdly, continual efforts must be made to improve the corporation's organization as required by production and a specific training program must be enacted to gradually raise the specialized and professional standards of cadres from the corporation to basic units. The construction of material-technical bases supporting crop protection efforts must be intensified with the aim of meeting the rising needs of production and advancing agriculture to large-scale, socialist production.

Fourthly, the corporation must prepare and successfully implement material incentives and timely material benefits for workers who are in regular contact with hazardous chemicals.

Fifthly, the district level must provide close guidance so that the operations of the corporation are oriented in the proper direction. At the same time, it must concern itself with promptly resolving difficulties and creating favorable conditions for the corporation and cooperatives to coordinate in the work of protecting crops within the locality.

FOOTNOTES

1. In Kien An, pesticide (which includes reserve pesticide) is applied at the average rate of only 1-1.5 kilograms per hectare per season. Meanwhile, cooperatives that record yields of 6 to 8 tons of paddy per hectare per season must use more than 2 kilograms of pesticide per hectare. The current average in other countries of the world is 6.4 kilograms per hectare per season.

2. In the past, due to lax management, pesticides worth tens of thousands of dong were embezzled. The delivery of pesticides from the district to the cooperative sometimes took weeks and made it impossible to wipe out diseases. Now, delivery takes only a few hours.

7809
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LOOKING BACK ON THE DIPLOMATIC FRONT OVER THE PAST 40 YEARS

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 62-68

[Article by Hoang Nguyen]

[Text] On 28 August 1945, the Provisional Government of the Democratic Republic of Vietnam was established. Five days later, 2 September 1945, it presented itself to the people of the country and the world with the immortal Declaration of Independence. In the provisional government, President Ho Chi Minh also held the position of Minister of Foreign Affairs. Since then, the Vietnamese have recorded achievements deserving of pride in their cause of building and defending the country. We defeated two imperialist powers, France and the United States, and have begun to win victory over the Chinese expansionists and hegemonists. Under the direct leadership of the party, the foreign affairs sector has made worthy contributions to these achievements.

One question that has been asked is: what secrets have enabled us to record such remarkable achievements and how has the foreign affairs sector applied these secrets?

Attacking the Enemy by Combining the Strength of the Nation with the Strength of Our Times

Of basic importance was the need to view the world situation correctly and use this situation to the advantage of the struggle for independence and freedom. Our party asserted that because the Vietnamese revolution was taking place in the age of the transition from capitalism to socialism, especially in the period following World War II, when the three revolutionary currents were being formed and assuming an offensive posture, when imperialism was weakening, it was both necessary and possible for us to use the strength of our times to augment and increase the strength of our nation. To accomplish this, it was necessary for us to firmly take the stand of the proletariat and Marxism-Leninism in order to clearly see the trend of development of the times.

In World War II, even before our state administration had been established, our party stood completely on the side of the forces fighting fascism. And, even before the first victories were won over fascism, our party predicted that the Soviet Union would surely be victorious.

In the 1950's and 1960's, the United States achieved nuclear superiority and became very aggressive and bellicose. Back then, admiration of the United States and fear of the United States were worldwide. Many persons underestimated the capabilities of the three revolutionary currents and the capabilities of people in the face of the modern weapons possessed by the United States. Moreover, a split occurred within the revolutionary movement when Maoism advanced radical "leftist" arguments in a vain attempt to compete for influence with the Soviet Union. This split gave many persons reason for concern. And, they became increasingly pessimistic as they watched the revolution take steps backward at a number of places: the Congo in 1961, Indonesia in 1965, Bolivia in 1967... However, in the assessment of our party, the forces of revolution were still stronger than the forces of the imperialists and reactionaries because the three revolutionary currents were still on the offensive. The Soviet Union had put mankind's first manmade satellite into space, defeating the "massive response" strategy of the United States and its policy of "containing communism." Following the battle of Dien Bien Phu, old style colonialism entered the stage of total collapse and neocolonialism also began to falter, as we saw in Cuba in 1959 and Laos in 1960-1962.

On the basis of this assessment of the world situation, the party decided to fight the United States, and all of our foreign affairs activities were directed toward the formation of a world people's front united with and supporting Vietnam against the U.S. imperialist aggressors, a front unprecedented in its breadth and size, a front whose nucleus was the Soviet Union. Despite its very ugly, hidden intentions, China had no choice but to aid us as long as the attitude of the United States remained hostile. This was because of China's security interests along its southern border. Moreover, China wanted to use the struggle of our people to serve its own big country interests.

Most deserving of attention is the fact that the world people's front supporting Vietnam against the U.S. imperialist aggressors also included Americans.

The combining of the strength of the nation with the strength of the times was expressed in a way unparalleled in our people's establishment of a fighting alliance with the peoples of fraternal Laos and Cambodia. In the war of resistance against France and then in the resistance against the United States, this alliance surmounted countless challenges, defeated countless devisive efforts by the imperialists and international reactionaries and ultimately brought all three countries to victory at virtually the same time. With the defeat of the efforts of the Chinese expansionists to bring about a final confrontation in Indochina on Cambodian soil, the alliance among the three countries entered a new stage, one marked by the High Level Vientiane Conference held in February 1983.

We achieved success in uniting the people of the world in supporting us against France as well as the United States because our people and the people of the world were in agreement concerning the goals of the struggle and in agreement concerning whom our friends and enemies were. We have always approached the issue of friends and enemies from a stand based in principle, which is an approach completely different from that taken by those who are constantly changing their friends and enemies for the sake of their selfish national interests.

While struggling for the independence and freedom of our nation, we always attached importance to maintaining world peace. This was one of the reasons why, at a time when many persons were volunteering to come to Vietnam and stand shoulder to shoulder with our people in the fight against the United States, we respectfully thanked them but declined this assistance.

The struggle that we have been waging for the past 10 years against the Chinese expansionists and hegemonists has been a struggle to maintain our national independence; however, it has also been a struggle to maintain peace and security in Southeast Asia. Acting in collaboration with the U.S. imperialists, the Chinese expansionists and hegemonists invaded our country. Then, following their defeat, they launched a wide-ranging war of sabotage against our country and the two countries of Laos and Cambodia. However, the prospect of a Southeast Asia of peace and stability has been made increasingly bright by, on the one hand, the economic and military stability and strength of Vietnam, the remarkable rebirth of Cambodia, the solid unity of the three countries of Indochina together with the good will and desire for peace expressed through numerous constructive proposals made by the three countries and, on the other hand, by the increasingly obvious intention of China to not cease its support of Maoist parties or abandon its ambitions in the South China Sea together with the defeats they have suffered in using the Pol Pot clique and the irreversible rout of these forces.

Making Gradual Inroads, Toppling One Contingent at a Time and Advancing To Total Victory

During the past 40 years, the powers that have committed aggression against Vietnam have been imperialist and hegemonist powers whose material potentials have been large. In addition, they have all considered invading Vietnam to be an important part of their global strategy.

France invaded Vietnam not only with the aim of restoring their rule in our country, but also with the aim of maintaining their entire colonial system in the world and then restoring France to the position of a power.

The global strategy of the United States in the 1960's was to oppose the national liberation movement, which the United States considered to be the most serious threat to the interests and position of the United States in the world. To the United States, Vietnam's resistance was a major challenge. A victory by Vietnam over the United States would inspire the national liberation struggle at other places. Therefore, the United States was determined to crush our people's war of resistance, but we were also determined to liberate the South. Consequently, the conflict between our people and the U.S. imperialists was an historic conflict.

In the global strategy of China, Vietnam and Indochina are both the springboard for China in its attempt to achieve hegemony in Southeast Asia and the main tool supporting China's global strategy and its big country role in the world. Therefore, from 1949 to 1975, China both supported and restrained the Vietnamese revolution. Since 1975, China has taken the place of the United States as regional gendarme and served as the base of support of reactionary powers in Southeast Asia opposed to the revolutions of Vietnam and Indochina. China's policy toward Vietnam and Indochina since 1975 has also been part of its global strategy: collaborating with the United States and the most reactionary powers in opposing the Soviet Union and the world revolution with the aims of acquiring capital and technology from the United States and the West and supporting China's overly ambitious four modernizations plan.

Because of the importance of Vietnam to them, France, the United States and China mobilized the largest forces they possibly could to oppose Vietnam. However, they were unable to put all their forces against Vietnam because of one basic weakness, namely, the unjust nature of their cause, and the many antagonisms they would face if they did. While committing aggression against Vietnam, they also had to devote an important portion of their forces to countering the Soviet Union and other revolutionary forces in the world, countering other imperialist and reactionary powers looking for an opportunity to seize interests from them in other vital regions and countering the people of their own countries. The escalation of the war by the United States against the South and the North was a typical example of how the United States is limited in the use of its power. China mobilized 600,000 troops to invade Vietnam and had to send an even larger force to the region along its border with the Soviet Union and Mongolia.

France attacked Vietnam because of considerations based on global interests but was then defeated. Therefore, in 1954, France saw that it would only suffer heavier defeats if it continued fighting, defeats that would adversely affect France's position in Europe and its interests in the world. These considerations based on global interests forced France to look for a way to end the war at the Geneva Conference.

The United States became involved in Vietnam because Vietnam was the leading edge of the national liberation movement that was threatening the United States. However, the United States was then defeated in Vietnam and forced to withdraw in order avoid a worse defeat, avoid affecting U.S. interests throughout the world even more. But because this was an historic conflict and because the United States was defeated, when it withdrew, the harm to the United States throughout the world was also very serious and the world entered the "post Vietnam period," a period during which the three revolutionary currents have acquired a new strength, a new offensive posture and the imperialists have fallen into a state of crisis, weakness and deep divisions.

The Chinese expansionists and hegemonists first began to smell defeat when they adopted their policy of confrontation with Vietnam. They will suffer even heavier defeats if they obstinately continue to pursue a hostile policy toward our country. Can they not learn from the lessons learned by France and the United States?

As for our people, it was clear that they could not, in the face of enemies who were at first so aggressive and tenacious, quickly win victory over them and simultaneously achieve all of their own final objectives. We, "in every specific period or every specific situation, must know how to set the most appropriate specific targets, how to guide the struggle on the basis of objective laws in order to achieve these targets with the largest victory possible and open the way for the revolution to advance to new and higher stages and create the surest prospects for final victory."

Foreign affairs activities concretized the victories mentioned above in stages. In 1946, we signed the 6 March Preliminary Accord with France: once a country whose name had been erased from maps, we forced France to recognize Vietnam as a free nation, a nation with its own government, parliament, army and finance system, although still part of the Indochina Union and the French Federation.

In 1954, with the signing of the Geneva Agreement, we achieved a higher victory: France and the imperialists, in general, had to recognize our country as a country possessing all basic national rights: independence, sovereignty, unity and territorial integrity. One half of our country had been completely liberated and was building socialism; the other half temporarily remained under the yoke of U.S. neo-colonialism.

In 1960, in the war of resistance against the United States for national salvation, the National Front for the Liberation of South Vietnam was born with the platform of struggling for a South Vietnam of independence, peace and neutrality and for the eventual peaceful reunification of the fatherland. This platform represented a very skillful tactic: temporarily setting the issue of advancing the South to socialism aside so that efforts could be focused on fighting the U.S. aggressors. This tactic had the effect of highly dividing the ranks of the enemy and winning widespread support for our people at home and in world opinion.

In 1964 and 1965, in its limited war against Vietnam, the United States mounted air attacks on the North and sent troops to invade the South. We adopted slogans that focused on demanding an end to the U.S. bombing of the North. In 1968, the United States was forced to acceed to our demands, thus creating favorable conditions for us to build the great rear area in the North.

In 1973, we signed the Paris Agreement with the United States, which helped to fundamentally change the comparison of forces. The 1954 Geneva Agreement required the simultaneous withdrawal of the French army from the North and the Vietnamese army from the South. The 1973 Paris Agreement required the withdrawal of U.S. forces from the South while allowing the army of the North to remain in the South. This was the most decisive of the factors that led to the total victory that was the liberation of South Vietnam in the spring of 1975.

Waging the Struggle on All Three Fronts: Military, Political and Diplomatic

The fight that we waged against our enemies took place on many fronts. In the war of resistance against France, our slogan was: "a full-scale war of resistance." In the resistance against the United States, we waged the struggle on three fronts: the military front, the political front and the diplomatic front. There were some persons who only wanted us to wage a military struggle. They wanted Vietnam to be at war with the United States so that they could negotiate with the United States. We, however, steadfastly pursued our own independent, autonomous line.

The party devoted one entire plenum of the Central Committee to discussing the intensification of the diplomatic struggle. The resolution of the 13th Plenum of the 3rd Party Central Committee stated: "In the South, the military struggle and the political struggle are the main factors that will determine victory on the battlefield and lay the base for victory on the diplomatic front. We can only win at the negotiating table that which we have won on the battlefield. However, the diplomatic struggle is not simply a reflection of the struggle on the battlefield. Rather, in the current international situation and in view of the nature of the struggle between ourselves and the enemy, the diplomatic struggle plays an important, positive and effective role."

In keeping with this resolution, we continued to expand our activities on the diplomatic front with the aim of winning additional friends and reducing the number of enemies we faced on the basis of the national liberationfront's platform. On the other hand, we launched a direct attack on the U.S. imperialists. Through slogans, we demanded an end to the U.S. bombing of the North and declared that Vietnam could enter into talks with the United States if the United States unconditionally ceased its bombing and every other act of war against the Democratic Republic of Vietnam. This legitimate demand brought heavy pressure to bear upon the enemy. Following the Mau Tan Tet general offensive and uprisings in 1968, the United States had to cease the bombing of the North and begin the process of de-escalation. We declared our willingness to sit down again with the United States in order to bring about the total and unconditional cessation of bombing of the North by the United States. As a result, on 1 November 1968, the United States was forced to totally cease the bombing of the North and participate in the Four Party Conference along with the National Front for the Liberation of the South. Besides the public Four Party Conference, secret negotiations between the United States and North Vietnam were held to truly end the war. At the conference table, we attacked the enemy on two basic issues: demanding the withdrawal of U.S. forces from the South and demanding that the United States truly respect the right of self-determination of the people of the South. This "fighting while negotiating" situation, which lasted for 4 years, contributed along with the military struggle and the political struggle to the implementation of our strategy of keeping the enemy in check and winning victory over them in the South and defending the North. At the same time, it had a strong impact upon the rear area of the United States, upon world opinion. In particular, it divided the ranks of the enemy and exacerbated the antagonisms between the United States and the puppets. The 4 years of "fighting while negotiating," together with the defeats of the United States in widening the war to Cambodia and Route 9-southern Laos, forced the United States to start bringing the war to an end.

The diplomatic struggle, having fulfilled its primary responsibility, led to the signing of the 1973 Paris Agreement. The Paris Agreement clearly reflected all the victories won by our armed forces and people on the battlefield and created favorable circumstances for the complete liberation of the South in 1975.

Handling the Element of Time Well, Knowing How To Seize Opportunity

It has been in the interests of the powers that have invaded Vietnam to attack swiftly and quickly win victory. They could not fight a long war because, the more the war dragged on, the more they would have to deal with difficulties and antagonisms.

As for ourselves, in struggling against enemies whose material strength was overwhelming, we had to rely upon the just nature of our cause and a correct line. However, we also needed time to build our material forces and win the support of widespread public opinion. Time also had the effect of exacerbating the weaknesses of the enemy and showing public opinion the unjust nature of their actions and their crimes. But waging a long fight did not mean waging a "war of attrition." Together with the strategy of waging a long fight, it was also our policy to make every effort to win victory in the shortest possible amount of time.

In the process of waging this long fight, time was needed at the conclusion of each stage in the struggle to consolidate our victory and prepare for the next stage. In these cases, diplomacy was employed to bring about a period of detente.

When the August Revolution was successful and the revolutionary administration, still in its infancy, faced some 300,000 troops of four imperialist and reactionary countries that had agreed it was necessary to destroy the Vietnamese revolution, our party, headed by President Ho, set forth a clearsighted and highly resourceful line: achieving detente with the army of Chiang Kai-shek and then signing the 6 March 1946 Preliminary Accord and the 14 September 1946 Provisional Treaty with France in order to achieve peace. During that temporary peace, we built and strengthened the administration and people's armed forces, wiped out the reactionaries who were serving as lackeys of foreign countries and expanded and strengthened the National United Front.

With the signing of the Geneva Agreement in 1954, we were able to maintain peace in the North until 1964. During those 10 years, we healed the wounds of the war, carried out socialist transformation and economic construction and strengthened our national defense capabilities. We acquired the assistance of the Soviet Union and other socialist countries, tightened our relations as allies with these countries, expanded our diplomatic relations with the nationalist countries and developed the international role and position of the first worker-farmer state in Southeast Asia. Chiefly as a result of the political, economic, military and diplomatic forces that were built during those 10 years, the socialist North was able to play the decisive role and supply manpower and materiel to the great frontlines in the South while winning victory over the air war of the United States in the North.

As part of making every effort to win victory in the shortest possible amount of time, we promptly seized upon favorable opportunities for advancing the revolution by leaps and bounds.

In May 1941, our party and President Ho predicted that World War II would end with the Soviet Union winning victory over Germany and Japan. On that basis, the party set the guideline of waiting for this opportunity to materialize, preparing forces and launching the general uprising to seize political power just as Japan surrendered and before allied forces arrived in our country.

In 1974, also on the basis of a penetrating analysis of the situation and a correct prediction of when an opportunity would arise, our party decided upon the strategy of winning complete victory for the national democratic revolution in our country. One very important question that had to be considered was whether or not the United States could return and intervene if we launched a general offensive and uprising. The diplomatic sector had the task of observing the situation and serving as the command staff so that the party could reach the conclusion that there was no sentiment in the United States for a second Vietnam. The United States was in the midst of a political crisis (the Watergate Affair), an economic crisis and an energy crisis. The United States would find it difficult to return. On the basis of this dialectical and scientific analysis, the general offensive and uprising of 1975 were launched and resulted in total victory.

During the war of resistance against the United States, we launched military and diplomatic attacks on the enemy during the years of U.S. presidential elections, which are times when the antagonisms among U.S. ruling groups become intense.

As part of making every effort to seize favorable opportunities, our party also made preparations to deal with the worst possible situations that might occur. In 1954, we were forces to accept terms that were not consistent with the comparison of forces at that time. Learning from experience, we made preparations for continuing to fight even in the worst possible case, namely, China betraying us in the fight against the United States and discontinuing its military aid. As a result, the Sino-U.S. collaboration reflected in the 1972 Shanghai communique and the pressure exerted by China did not force us to yield and we continued fighting until victory was won.

Through the two wars of resistance, especially the resistance against the United States, Vietnam became the symbol of bravery, intelligence and determination to struggle for independence and freedom. The international position and influence of the Vietnamese revolution were enhanced as never before. Our country now has diplomatic relations with more than 100 countries and many international organizations. Vietnam is a member of the United Nations and the Non-aligned Movement. Today, we are continuing to implement and develop the party's foreign policy line of combining the strength of the nation with the strength of our times and using foreign affairs activities to effectively support the work of building socialism and firmly defending the socialist fatherland.

FOOTNOTES

1. Le Duan: "Duoi la co ve vang cua Dang, vi doc lap tu do, vi chu nghia xa hoi, tien len gianh thang loi moi"[Advancing Under the Glorious Banner of the Party To Win New Victories for Independence and Freedom, for Socialism], Su That Publishing House, 1976, p 38.

7809
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SOME FACTS AND FIGURES ON VIETNAM-SOVIET UNION ECONOMIC AND CULTURAL COOPERATION

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 69-75

[Unattributed article]

[Text] In their revolutionary undertaking, our people have always received wholehearted support and generous, valuable assistance from the peoples of the Soviet Union and other fraternal socialist countries.

On 30 January 1950, diplomatic relations were established between Vietnam and the Soviet Union, thereby opening a new stage in the long-standing friendship between the peoples of our two countries.

In July 1955, President Ho Chi Minh led a delegation of our party and government on the first official visit to the Soviet Union. On 18 July 1955, the first trade agreement between Vietnam and the Soviet Union was signed.

During the years from 1955 to 1959, the Soviet Union helped Vietnam to restore and build 45 projects with the aim of overcoming the serious consequences of the 9-year war of aggression waged by the French imperialists and laying the foundation of the state economic sector. Included among these projects were some of important significance, such as the Hanoi Machine Works, the Tinh Tuc Tin Mine, the Lao Cai Apatite Mine complex, thermoelectric power plants in Lao Cai and Vinh, the Canned Fish Factory in Haiphong and a number of power stations, tea enterprises and other projects.

The Cultural Cooperation Agreement (signed on 15 February 1957) and the Scientific-Technical Cooperation Agreement (signed on 7 March 1959) between Vietnam and the Soviet Union helped to expand the relations between the two countries and created the conditions for the development of cooperation in all fields.

On 23 December 1960, before our country embarked on the first 5-year plan (1961-1965), the Agreement on Soviet Economic and Technical Assistance to Vietnam in National Economic Development in the Years 1961-1965 was signed.

During the years from 1961 to 1965, the Soviet Union helped us to build 43 major projects with a view toward carrying out the tasks of socialist industrialization and building a multi-sector national industry. Within the fuel-energy sector, the Uong Bi Thermoelectric Power Plant and the Thac Ba Hydroelectric Power Plant were constructed and put into operation, thereby doubling our country's electric power output. Coal mining enterprises were restored and developed. In 1962, 3 million tons of anthracite coal were mined. The machine manufacturing sector was also built and developed. In addition to expanding and modernizing the Hanoi Machine Works, the Soviet Union also helped us to build numerous machine repair and spare parts enterprises. With the assistance of the Soviet Union, the road network was repaired and developed, the supply of means of transportation was increased and modernized and numerous warehouses were constructed. Within agriculture, many state farms were established and developed. A water conservancy system was constructed, thereby making an important contribution to intensive cultivation to raise crop yields in the Red River Delta. A number of agricultural product processing plants and enterprises came into existence.

Also during those years, the Soviet Union helped us to complete the construction of the Hanoi Polytechnic College--the largest and most modern college in Vietnam.

In 1965, as a result of the war of destruction of the U.S. imperialists, Vietnam's economy had to be shifted from a peace time to a war time footing. During this extremely difficult and violent stage, new agreements on Soviet assistance to Vietnam in developing the national economy and strengthening the country's defense capabilities continued to be signed. During the years from 1965 to 1975, the Soviet Union sent to Vietnam goods that were exceedingly necessary in the life of labor and combat of the Vietnamese, thus making important contributions to our people's fight against the U.S. imperialist aggressors.

On 18 December 1975, the agreement on Soviet assistance to Vietnam in the Construction of 40 projects in the fields of energy, the coal and chemical industries, the building materials industry, light industry, the food products industry, agriculture, communications-transportation and other economic sectors was signed. This agreement met the development needs of the two zones of reunified Vietnam. This agreement also provided for a new approach in the cooperative relations between the two countries: repayable technical assistance (in the production of tin and the cultivation of tea, coffee and a number of fruit and industrial crops).

With the assistance of the Soviet Union and other fraternal socialist countries, the restoration of the Hanoi-Ho Chi Minh City railroad line was carried out immediately after the South was liberated. The completion of this project in January 1977 made an important contribution to freight and passenger transportation.

On 3 November 1976, during a visit to the Soviet Union by a delegation of our party and government led by General Secretary Le Duan and Council of Ministers Chairman Pham Van Dong, the Treaty of Friendship and Cooperation between Vietnam and the Soviet Union was signed. This was an important event, one that laid the foundation for the continued strengthening of the mutual assistance, fraternal friendship and comprehensive cooperation between Vietnam and the Soviet Union.

During the years from 1976 to 1980, the economic-technical cooperation between Vietnam and the Soviet Union was expanded. Construction was started on many major projects. In particular, during the years from 1981 to 1985, the Soviet Union has helped us to design, build, retool or complete many projects and cooperative undertakings, the largest of which are: the Hoa Binh Hydroelectric Power Plant on the Da River, which has a capacity of 1.92 million kilowatts; the Pha Lai Thermoelectric Power Plant, which has a capacity of 660,000 kilowatts; the Tri An Hydroelectric Power Plant, which has a capacity of 400,000 kilowatts; the Bim Son Cement Plant, which has a capacity of 1.2 million tons per year; the Go Dam Diesel Engine Works, which has a capacity of 100,000 horsepower per year; the Xuan Mai Concrete Housing Members Production Plant, which has a capacity of 100,000 square meters of housing per year; the Quy Hop Tin Plant, which has a capacity of 1,000 tons per year; the expansion of the Lam Thao Superphosphate Plant from 100,000 to 300,000 tons per year; the restoration and expansion of the Lao Cai Apatite Mine and the construction of an ore enrichment plant with a capacity of 1.8 million tons per year; the construction of several chemical plants and machine repair enterprises; the two Hoa Sen Earth Satellite Communication Stations; the Thang Long Bridge and the Workers' Cultural Palace in Hanoi; numerous projects in agriculture, the food processing industry, etc. The majority have been completed, put into use and begun producing economic returns. Several other projects are now being constructed on an urgent basis. At present, more than 200 projects constructed with the assistance of the Soviet Union are in operation within the various sectors of our country's economy. The production capacity that has been put on line consists of: the power sector: more than 500,000 kilowatts, 35 percent of power output; the coal mining sector: nearly 6 million tons per year, 95.2 percent of coal output; cement production: 1,200,000 tons per year, 50.5 percent of cement output; tin: 550 tons per year, 38 percent of tin output; apatite ore: 500,000 tons per year, 100 percent of output; the entire output of superphosphate, sulfuric acid and metal cutting machines; state tea, coffee and tropical fruit farms measuring 100,000 hectares... The Soviet Union has not only assisted us materially and technically, but has also sent thousands of its outstanding sons--highly zealous and experienced specialists--to work in our country.

During the years from 1976 to 1980, the volume of economic cooperation between Vietnam and the Soviet Union was nearly as large as the entire volume during the first 20 years of this cooperation (1955-1975). During the years from 1981 to 1985, the volume of economic cooperation doubled. According to projections, the volume of economic cooperation will double again during the years from 1986 to 1990 compared to 1980-1985.

Prior to 1975, the economic-trade relations between Vietnam and the Soviet Union took the form of the Soviet Union assisting Vietnam in the construction of projects and supplying goods to Vietnam through non-repayable aid and loans. Vietnam supplied to the Soviet Union a number of tropical agricultural products, handicraft art products, etc. After 1975, when the country of Vietnam was reunified, the economic-trade relations between Vietnam and the

Soviet Union entered a new stage and underwent extraordinary development through mutually beneficial commodity trade. During the years from 1981 to 1985, trade between our country and the Soviet Union doubled compared to the period from 1976 to 1980. In 1982, trade between the two countries exceeded 1 billion rubles for the first time. In 1984, trade amounted to 1,268,800,000 rubles. The Soviet Union has always been our largest trading partner. In 1984, trade between ourselves and the Soviet Union accounted for 63.3 percent of the total value of our country's foreign trade. The goods imported from the Soviet Union are of very important significance in our country's economic life. They provide 100 percent of our petroleum products, 90.9 percent of trucks, 81.2 percent of metal products and machinery, 68 percent of fertilizer...

The Soviet Union imports from us raw rubber, tin, tea, tobacco, salt, coffee, vegetables, fruit, clothing, rugs, etc.

On 6 December 1983, Vietnam and the Soviet Union signed, for the first time, a joint government agreement on cooperation in the production of vegetables and fruit in Vietnam for exportation to the Soviet Union. Under this agreement, Vietnam exported to the Soviet Union 70,400 tons of vegetables and fruit in 1984. On 20 January 1985, Vietnam and the Soviet Union signed the Agreement on Cooperation in the Production of Vegetables and Fruit During the Years 1986-1990. Under this agreement, the Soviet Union will help to build in Vietnam two agro-industrial combines specializing in the production and processing of pineapples, expand four canning factories and build or remodel five cold storage facilities and freezers, six vegetable and fruit drying and flash freezing enterprises and cardboard box production plants. On 19 April 1985, Vietnam and the Soviet Union signed the Joint Agreement on Cooperation in the Production of Raw Rubber in Vietnam Until the Year 2000. These are highly promising forms of cooperation designed to develop the potentials that lie in Vietnam's land and tropical climate by means of Soviet capital and technology.

The establishment of the joint enterprise for the exploration and development of petroleum and natural gas on the continental shelf in South Vietnam is a new direction, one that marks an important stage of development in Vietnam-Soviet cooperation. The exploration and development of petroleum and natural gas are of strategic significance in the development of Vietnam's economy. This work demands a large amount of capital and enormous amounts of technical equipment, which can only be acquired through cooperation with the Soviet Union. This exploration has yielded encouraging initial results and development is now under way.

Scientific-technical cooperation is one of the important factors in the overall cooperation between Vietnam and the Soviet Union. For more than 30 years, Soviet scientists, professors and teachers have been helping to train for Vietnam tens of thousands of highly skilled technical workers and more than 20,000 persons who have a college or post-graduate education, more than 3,000 of whom hold Master of Arts or Master of Science degrees and 70 of whom are Ph.D.'s. This corps of scientific and technical cadres is a precious asset in our country's revolution. Many of these persons have become outstanding economic leadership cadres. A number of others are teaching at colleges or guiding scientific research efforts. Soviet scientists have not only been helping us in the training of scientific and technical cadres and the development of Vietnam's science, but have also been working side by side with Vietnamese specialists. During the years from 1981 to 1985, as part of the activities of the Permanent Subcommittee on Scientific and Technical Cooperation Between Vietnam and the Soviet Union, research projects were conducted in 88 matters and topics in 23 sectors of the national economy. Vietnamese and Soviet scientists have successfully carried out many important projects, such as projects in protecting power lines against lightning, the hybridization of high yield varieties of crops, the control of dangerous diseases, etc. The space flight by the international Soviet-Vietnamese crew of cosmonauts Gorybatko and Pham Tuan was an eloquent example of the effectiveness of scientific and technical cooperation.

The cultural cooperation between Vietnam and the Soviet Union has the aim of supporting the noble objectives of confirming the humanitarian principles of socialist culture, developing progressive, national cultural traditions and enriching the culture of each country. During the past 30 years and more, the forms of cooperation in this field have truly been diverse and pinnacles have been reached. In December 1982, "Soviet Culture Days" were held for the first time in Vietnam. In May 1985, in the Soviet Union, "Vietnamese Culture Days" were held. These days, which are festivals of Soviet and Vietnamese art, are brilliant expressions of the close and effective cooperation in the field of culture between the two fraternal countries. Recently, events of major significance occurred: the unveilings of the V.I. Lenin monument in Hanoi on 31 August 1985 and the cornerstone laying ceremony for the construction of the Ho Chi Minh monument in Moscow in June 1985. These are new, brilliant political as well as cultural expressions of the friendship and cooperation between Vietnam and the Soviet Union.

Recently, in late June 1985, on the occasion of an official visit of friendship to the Soviet Union by a delegation of our party and government headed by General Secretary Le Duan, the leaders of the two countries examined all aspects of the relations between Vietnam and the Soviet Union. The two sides concluded that the wide-ranging cooperation between Vietnam and the Soviet Union has made large contributions to the performance of the socio-economic tasks of each country. At the same time, they confirmed that the two countries will continue to constantly strengthen and intensify this cooperation and strengthen the bond of close friendship between the two fraternal countries. On the basis of the results that have been achieved in these relations of assistance and cooperation, in keeping with principles of Leninist socialist internationalism and in view of Vietnam's urgent needs, the Soviet Union has decided to increase its economic assistance to Vietnam during the years from 1986 to 1990.

Today, every citizen of Vietnam appreciates the tremendous importance of Vietnam-Soviet cooperation in their nation's revolutionary struggle. Every socio-economic field, every project, every product that is produced in Vietnam bears the imprint of this cooperation in some way. In keeping with their splendid tradition of "remembering the source when drinking the water," our people are always grateful to the Soviet people for their wholehearted support, their large and effective assistance in the construction and defense of Vietnam. We will do our very best to constantly strengthen and develop the warm friendship that exists between Vietnam and the Soviet Union.

7809
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THE DIALECTICAL THINKING OF F. ENGELS AND ECONOMIC THINKING

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 76-81

[Article by Hong Long commemorating the 165th anniversary of the birth of F. Engels]

[Text] Friedrich Engels (28 November 1820-5 August 1895) was one of the founders of scientific communism, a talented leader of the world working class, an eminent personality in the history of man and the confidant of Karl Marx. In fact, from the standpoint of each man's own personal traits, it is impossible to separate Marx and Engels in the cause of liberating the working class and laboring masses, in the revolutionary movement and the first assemblage of forces of the international proletariat during the second half of the 19th century or in each theoretical project that they undertook to awaken and open the way for mankind to the new world of men and women who are genuine, intelligent and creative.

One of Engel's extraordinary abilities was his dialectical thinking. He wrote: "It can be said that Marx and I virtually singlehandedly salvaged the conscious dialectic from German idealist philosophy and incorporated it in the materialist conception of nature and history."(1)

According to Engels, dialectical thinking is primarily the reflection of the dialectical processes of nature and society. Without the objective dialectic, there can be no subjective dialectic. And, the subjective dialectic, in each of its many manifestations and rich potentials, can only be the reflection of the objective dialectic. In Lenin's view, through dialectical thinking, the unity of the dialectic, awareness and logic bring to thinking infinite, creative possibilities and bring to the fore the very best of man's intellect in the process of conquering and transforming nature, of which man is only a part. Also in Engel's view, through dialectical thinking, the historical specificity and accuracy of thinking create the infinite variety and richness that are man's in the creative action he takes to make his own history within the dialectic of nature and society.

In science, and to some extent, in everyday life, man, if he knows the object that must be understood and engages in a process of serious thought, can "spontaneously" arrive at the dialectic and dialectical thinking. This spontaneous development, however, is only a temporary, accidental and limited factor.

In the early years of his history, man's thinking was the thinking of the spontaneous dialectic. The ancient Greek philosophers, as observed by Engels, "were innate, spontaneous dialecticians" and "Aristotle studied the most basic forms of dialectical thinking." Centuries later, due to the demands of practice and science, man gradually learned how to deeply analyze things and phenomena in each of their elements. This analytical method was metaphysics. The metaphysical method at first held an important scientific position. It was subsequently viewed as representing absolute truth and assumed the distorted form of rigid, orthodox metaphysics.

The dialectic was perfected in the 18th and 19th centuries. Marx and Engels raised the dialectic and dialectical thinking to the level of a precise science. It is the "science of universal relationships," of man's recognition of the laws of development of nature, society and thinking.

Grasping the dialectic and cultivating dialectical thinking entail a process of recognizing and correctly addressing the dialectical antagonisms and dialectical consistency in the relationships between practice and theory, between sentiment and reason, among knowledge, understanding consciousness and realization, between the individual and society...

Man is born, grows up and lives within specific environments. From the perspective of the relationships mentioned above, the dynamism of thinking means the ability to perceive and probe reality by many different methods and through many different forms, unlock each secret of nature, discover the objective laws governing the movement of each thing and phenomenon and confirm the measures by which and the effectiveness with which man can, in accordance with objective laws, make an impact upon objective processes in order to transform nature to suit his desires. Each field of man's activities has become a different field of science, and the countless achievements that have been recorded to date attest to the enormous potentials that lie in the thinking, the intellect of man. Thinking can be divided into many different types, such as logic, imagination, empiricism and so forth but the most general form of correct and creative thinking is dialectical thinking, also called scientific thinking. The career and each project of Engels as well as his process of thinking, inquiring and discovering gave mankind living examples of dialectical thinking.

The economy is the field of activity that directly creates the material wealth of man, directly creates material wealth for man. In this field, man, in order to recognize those objects that are economic, applies dialectical thinking and, by so doing, discovers and applies economic laws and determines how to employ economic levers. The economy is complex and constantly changing. Without dialectical, scientific thinking, without the ability to apply this thinking, correct economic thinking and the ability to apply correct economic thinking are impossible. As in every other field of thinking, such as mathematics, art, psychology, history and so forth, economic thinking reflects characteristics that are common to the process of the dialectical development of thinking, of dialectical thinking, but also reflects characteristics that are separate and distinct. Economic thinking is a part of thinking as whole. It reflects the processes and laws of the production and distribution of the material wealth of society through the dynamism of thinking applied to economic activities, in general, or the activities within the different specific fields of the economy, such as industry, agriculture, communications-transportation, home trade, foreign trade, banking, finance, prices...

The special nature of economic thinking stems mainly from the fact that it must be a concrete and accurate reflection of every economic factor, from minor factors to factors of major importance, because it is the economy that first and most directly determines the entire life of society.

Secondly, economic thinking must be sensitive to each change in economic realities, must apply dialectical thinking to analyze these objective economic realities in depth. We should not take the overly simplified view that the economy is a material entity and, on this basis, develop the exceedingly shallow and mechanical view that economic thinking is thinking that only relates to things material. The economy consists of activities involved in the production and exchange of the material means of life of society and is the synthesis of the relations among many persons, relations that are concealed behind very complex and constantly changing relationships between one material thing and another. Thus, economic thinking is thinking marked by constant sensitivity and flexibility. We also should not make the mistake of understanding the economy as something concrete and mistakenly maintain that economic thinking is the opposite of abstract thinking. Even that which is concrete is always a complex synthesis of many relationships. Consequently, to recognize and perceive the concrete, one must possess a profound capacity for abstract thinking. Economic thinking, therefore, is the ability to engage in abstract thinking; to perceive economic reality, is the ability to engage in realistic thinking.

Production and exchange are the two basic elements of the social reproduction process. However, the true picture of economic life is the combination of different complex relationships that exist not only under capitalism, but even under socialism and differ only in nature and substance as determined by the different modes of production. These objective factors are the essential conditions that economic thinking must take into consideration. Thus, economic thinking can only be effective and precise when it is dialectical thinking, when it is sensitive to these constantly changing relationships, relationships in which the activities of man only produce maximum results when he grasps those points in objective economic factors which were coincidental and useful in past periods that were limited in their duration and will never be repeated. Because, if he does not, he will only suffer irreversible setbacks.

Thirdly, the economy is the focal point of the struggle between the different modes of production, the focal point of the class struggle. Economic thinking, therefore, absolutely must reflect this bitter class struggle, even in affirming the dominant position occupied by correct thinking that scientifically reflects reality.

Nearly one century has passed since the death of Engels and the world has undergone countless changes. Today's generation not only sees the accuracy of Engel's scientific arguments on dialectical thinking, but has also come to see with increasing clarity the strong vitality that this scientific method of thinking brings to the real life of building the new social system, building socialist society.

We have recorded numerous achievements in the cause of building socialism. However, the system of bureaucratic centralism and subsidization, with its metaphysical thinking, conservatism and inertia, is a major obstacle to the forward progress of our country. The strongpoints of the principle of democratic centralism that led us to the achievements recorded in the preceding stage have not led to the creation of new factors and forms since the revolution entered its new stage, since economic construction, in general, became the priority of foremost importance. Instead, at certain times and places, this principle has been forcably applied outside its domain, thus creating in our thinking the habit of viewing it as a "principle and unspecific" and the rut of "established precedence," thus preventing the correct incorporation of the teachings of the founders of scientific communism concerning even the most elementary concepts, such as the economy, commodities, value, labor, etc. In the new stage, the mutations and deviations in democratic centralism that were unrecognized and not promptly rectified during the years of the war evolved, without any difficulty, into bureaucratic centralism, into satisfaction with the achievements that have been recorded without recognizing the vivid and concrete realities of social life today or the legitimate demands and aspirations of the working people with regard to building the economy and improving the standard of living. All of the above mentioned economic weaknesses and deficiencies on our part have been linked to weaknesses, deficiencies and aberrations on our part regarding the methods of dialectical thinking and economic thinking and our ability to apply these methods. For this reason, cultivating the methods of and the ability to apply dialectical thinking and revising our thinking, beginning with our economic thinking, as presented in the resolution of the 8th Plenum of the 5th Party Central Committee, are urgent requirements in building and defending socialism, in general, and vigorously developing the economy, in particular, thereby bringing a new strength to real socialism.

Economic thinking that is very profound and convincing is based on real life itself... At present, economic thinking is the ability to analyze the conditions and specific economic factors of the country and find effective solutions with the aim of establishing a correct economic line, strategy and plan and establishing a rational economic structure and effective economic mechanism in order to, in the immediate future, correctly resolve the problems involved in improving the management system, gradually dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices.

In economic activity, the concept "business" is understood in everyday usage in its narrow sense meaning "buying and selling." Even in this narrow sense, there are countless areas that are totally new to us, areas in which it is only through diligent research conducted through actions that are flexible and decisive that we can confirm which course is the most correct and effective, which course will meet the vital needs of the laboring masses and benefit the cause of socialism.

In its broad sense, business is all economic activity and encompasses all processes from production to distribution, exchange and consumption. Of these processes, production and exchange are the most basic. As Engels said: "Production and exchange are two different functions... In each specific case, these two functions always limit and affect one another, so much so that these two functions can be called the abscissa and the ordinate of the economic curve."(2)

However, economic activity is a continuous process from production to distribution, exchange and consumption. In addition, each element of the production and reproduction process encompasses a series of complex factors, the horizontal and vertical relationships among which create the complete, diverse and real picture. None of these elements can be given light attention by us. If we do not clearly see the totality of these complex relationships, we cannot have a correct conception of business, be it capitalist business or socialist business.

In its fullest meaning, capitalist business is, to the capitalist class, the entire process of reproducing surplus value and insuring maximum profits; to the individual capitalist, it is the totality of the activities conducted by the bourgeoisie to realize the highest possible profits through those elements of the production and exchange processes that are best suited to them. Business is not only a capitalist economic category, but is also an economic category of socialism due to the nature of the reproduction process under conditions in which different economic segments and different divisions of labor still exist. Socialist business also demands that a profit be earned--although not simply for the sake of profit, but mainly because of the fundamental economic law of socialism. Vague concepts of socialism, which view socialism as the absolute opposite and the absolute negation of everything found in capitalism, including profits, value, commodities and so forth, and do not correctly put into practice the scientific predictions of Marx and Engels concerning the period of transition to socialism, have led to serious mistakes in economic activities. These mistakes have been concepts and metaphysical thinking that only acknowledge production and ignore all other elements of the production process; that isolate each factor of economic activity; that only acknowledge centralized planning and give light attention to the various economic levers; that view the plan as rigid and mechanical and deny the existence of commodities and value; or that view the plan as purely a production plan which, in reality, has none of the substance of an economic plan. In actuality, economic thinking based on the dialectic requires the recognition that, in business, in economic activity, accounting and the proper use of each economic tool are as natural as assessing the state of one's forces and making good use of these forces when fighting the enemy.

The capitalist learns to keep track of every penny when he is still a small-scale producer and economizes wherever he can so that he can become a capitalist. And, once he becomes a capitalist, he then learns, as a result of the scope of activity now under his authority, to make calculations on a larger scale and be much more efficient. For this, capitalism has definite tools: finance, money, prices and wages. The skill of individual capitalists lies in their knowing how to use these tools. The existence and the strengthening of the positions of the capitalist system and the bourgeoisie are controlled by the law of surplus value. The economic thinking of the capitalist is the thinking of exploiting surplus value through every economic tool at his disposal with the aim of realizing maximum profit. As a reflection of capitalist economic thinking, capitalist business demands efficiency above everything else. This efficiency, however, is computed in terms of the surplus value accruing to the capitalist. When we remove from it the exploitation of surplus value, capitalist business is a very well calculated method of doing business, one that both seizes and relies upon economic tools, one that is alien to an administrative, bureaucratic style of business.

Thus, what is socialist business and what kind of economic thinking is practiced in socialist business? The economy of socialism is a planned economy based on the public and collective ownership of the means of production. Planning does not mean the absence of business practices, that accounting is unnecessary or that we only implement planning through a rigid centralized system by means of subjective norms handed down from above or through bureaucratic centralism and subsidization by means of a system of orders for goods and allotments. Planning reflects the superior nature and the new strength that belong to socialism, implements democratic centralism in the economy and establishes unity between the centralism of the state and the initiative and dynamism of basic economic units, with the laborer being the master of the economy. The implementation of economic accounting and socialist business practices is designed to make use of such economic tools and economic levers as investment capital, goods, money, prices, production costs, profits and the market. The economic thinking applied in socialist business must lead to dynamism in our calculations and actions, that is, we must know how to comply with objective laws and must make the plan the center of our operations but must also know and apply economic laws, especially the law of value and economic levers, in a way that is closely tied to commodity production with the aim of achieving high economic efficiency throughout the national economy. The ultimate objective of socialist business can be stated as economic efficiency achieved on the basis of the economic laws of socialism. This efficiency must be measured by the surplus value created during a given period of time. Without economic efficiency, there can be no surplus product. That is, if we only produce "food to eat" but not "food to set aside"--not to mention that we sometimes do not produce "enough to eat"--what we are doing cannot be called socialist business. The surplus product (m) is the most important requirement, is a strict law in each business activity under socialism, be it an activity that takes place on the scope of the entire economy, within a sector, a locality, a unit or collective or the activity of the individual laborer. The surplus product is the measurement of each economic activity, is the only basis for expanded socialist reproduction, is the only path that can be taken to implement the basic economic law of socialism. Engels himself said: "The surplus product over and above the costs of maintaining labor and the establishment and accumulation from the surplus of social production funds and reserve funds--all of these things have been and will always be the basis of all social, political and intellectual progress."(3)

Only by understanding socialist business in this way can we see that the change in direction away from bureaucratic centralism and subsidization to economic accounting and socialist business practices is a change of revolutionary significance, not only from the standpoint of the economy, but politically as well, not only for the economy, but also for all society and not only from the standpoint of the management system, but also from the standpoint of the structure of the economy and investment guidelines. It is a shift which not only demands that we renovate the economy, but also demands changes in those who perform economic work, beginning with revising our economic thinking.

The most basic and far reaching legacy bequeathed by Marx and Engels to mankind through their careers and each of their projects is the rich body of scientific knowledge that opened the way for the shift from "the realm of the inevitable to the realm of freedom" with the remarkable intellectual capacity of dialectical thinking. This legacy is dialectical materialism, the science of recognizing and transforming the world. As Lenin once said: "Applying the materialist dialectic to political economics in order to totally transform this field, applying it to history, to the natural sciences, to philosophy, to the policies and tactics of the working class--this is what Marx and Engels focused most of their attention upon; it was in this work that these two men made their most basic and innovative contributions. Herein lies the genius of Marx and Engels in the history of revolutionary thinking."(4)

FOOTNOTES

1. F. Engels: "Anti-Duhring," Su That Publishing House, Hanoi, 1971, p 14.

2. Ibid., p 249.

3. K. Marx-F. Engels: "Collected Works," State Political Books Publishing House, Moscow, 1961, Volume 20, p 199.

4. V.I. Lenin: "Marx-Engels--Marxism," Su That Publishing House, Hanoi, 1959, p 59.

7809
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ANGOLA: 10 YEARS OF BUILDING AND FIGHTING

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 82-84

[Article by Ho Bat Khuat]

[Text] On 11 November 1975, under the leadership of the Popular Movement for the Liberation of Angola (MPLA) and following decades of steadfast, brave struggle, the people of Angola won their independence. The free and independent People's Republic of Angola was born. Together with the revolutions of Ethiopia, Mozambique and other countries in Africa, Asia and Latin America, the success of the Angolan revolution dealt a heavy blow to colonialism's collapsing system of colonies. In the autumn of 1976, the 3rd Plenum of the MPLA set the strategic tasks of the revolution as building Angola into a country of independence, freedom, unity and democracy and advancing to socialism. At that plenum, revolutionaries, led by A. Neto, publicly announced for the first time the MPLA's close ties to scientific socialism, to Marxist-Leninist doctrine. The MPLA asserted that socialism is the only course capable of helping Angola extricate itself from dependency upon imperialism and its underdeveloped economic state.

After Angola won political independence, the class struggle in this country became intense. Facts showed that the Angolan revolution could not carry out its strategic tasks if the MPLA continued to exist only as a national liberation movement. The need to build a working class party that takes the stand of the working class and is capable of leading the struggle to build the new, socialist society became an urgent need. From 4 to 10 December 1977, the 1st Congress of the MPLA was held in the capital Luanda. At that historic congress, the MPLA became the Labor Party--the Marxist-Leninist party of the Angolan revolution.

Angola, which is one of the richest countries in Africa, has large potentials in agriculture and many valuable minerals, such as petroleum, diamonds, gold, silver, copper, iron and so forth in large reserves. As a result, for many Western capitalist countries and the United States, Angola held the allure of lucrative profits. Former U.S. Secretary of State Kissinger once said: "Angola is the African country in which the interests of Washington are most significant." Therefore, when the Angolan people truly became the masters of their country and turned their hands to building the national economy, the imperialists and reactionaries were exceedingly bitter. They frantically resisted in every way possible: by committing outright aggression, by inserting spies and commandoes to carry out sabotage, by waging psychological warfare to sow internal divisions, by imposing an economic embargo, by generating political and diplomatic pressure... In addition, before they were forced to flee, they created very many difficulties for Angola: factories, enterprises and workshops were sabotaged; machinery and equipment were dismantled and taken away; technical cadres and skilled manual workers were forced to leave the country; 80 percent of all means of communication and transportation were destroyed; 130 bridges were demolished; coffee and cotton plantations were devastated... Through these criminal actions, the imperialists and reactionaries hoped to slow the progress of the Angolan revolution. However, the people of Angola never lost their confidence and the Angolan revolution has continuously developed.

Under the leadership of the MPLA-Labor Party, widespread reforms were successfully carried out in all fields of the economy, culture, politics and ideology. The Angolan government took over the management of the factories, enterprises and plantations of the colonial owners who fled in order to maintain production. Then, Angola nationalized oil production facilities, mines, factories, enterprises, banks and farms in order to lay the basis for building an independent national economy. In only a short amount of time, the people of Angola, through enormous efforts and a spirit of diligent labor, gradually stabilized the country's economy: factories, enterprises and workshops reopened and began supplying essential goods to support production and the consumer needs of the people. Petroleum is a strategic natural resource that plays a very important role in the national economy. In 1979, Angola produced 10 million tons, 2 million more tons than in 1974, the year of peak petroleum production before independence was won. In 1985, according to an estimate made by the "Sanagon" National Oil and Gas Corporation, oil production will double compared to 1983 and reach 25 million tons. Nearly 80 percent of Angola's petroleum output is exported to earn foreign currency and help the developing countries solve their energy problem. The areas that were devastated in the war have now become green again. Agricultural production, forestry and fishing are being strengthened and accelerated. In the restoration and development of the Angolan economy, the countries of the socialist community have provided large and valuable assistance: the Soviet Union has provided assistance in the form of machinery, technical equipment and specialists in many fields; Cuba has assisted in the cultivation of sugarcane; the GDR has provided assistance in livestock production; Bulgaria has assisted in the establishment of agro-industrial combines; Vietnam has provided assistance in the cultivation of rice...

In the fields of culture, public health and education, Angola has also achieved good results. It has begun to build a new culture. Through cultural exchanges, the various tribes within the country have grown closer together and the Angolan people have come into contact with progressive cultures of the world. Today, the people of Angola receive free education and health care.

During the past 10 years, Angola has enjoyed virtually not one day of true peace. South Africa's undeclared war against Angola began immediately after the Angolan people won their independence. Since then, the army of the South African racists has attacked Angolan soil more than 3,000 times. Some of these have been large-scale attacks that have inflicted serious losses on Angola. For example, in December 1980, they attacked the four provinces of Cuando-Cubango, Cunene, Mocamedes and Huila, killing or wounding more than 5,000 civilians, destroying dozens of schools and hospitals and causing damage in excess of 7 billion dollars. Since 1981, in addition to occupying a number of areas in southern Cunene Province, they have conducted bloody sweep operations and mounted artillery and air attacks on many of Angola's cities and villages. Recently, the South African racist administration sent mobile units supported by aircraft some 190 kilometers into Angolan territory to attack a number of large areas. Supported by weapons and dollars from the United States, two reactionary organizations, the "National Front for the Liberation of Angola"(FNLA) headed by the CIA spy Roberto Honzel, and the "National Union for the Total Independence of Angola"(UNITA) headed by Savimbi (who received military training in China in 1964), have carried out many acts of harassment and sabotage to impede the advances being made in the economic, political and social life of the People's Republic of Angola.

Realizing in advance that the imperialists' bellicose and obstinate nature would lead them to collaborate with the reactionaries in a bitter counterattack, Angola's revolutionary leadership made preparations to deal with them. The slogan "the fight continues" was adopted immediately after independence was won. The People's Armed Forces for the Liberation of Angola (FAPLA), standing shoulder to shoulder with all the people, have fought with bravery and resourcefulness. They have repulsed thousands of attacks, killed tens of thousands of South African aggressor forces, shot down hundreds of aircraft and destroyed many modern means of war supplied to South Africa and Angolan reactionary organizations by the United States and a number of Western capitalist countries. Despite suffering continuous defeats, the bellicose and exceedingly reactionary Pretoria administration has, with the assistance and encouragement of the U.S. imperialists, have continued to insanely attack Angola in the hope of opening a "corridor" in the East through which the UNITA bandits can conduct operations and go into hiding. Together with military activities, they have also intensified their political and diplomatic pressure and strengthened their economic embargo in a vain attempt to cripple Angola. In the face of this situation, the MPLA-Labor Party enacted several emergency programs to mobilize all units of the armed forces to maintain combat readiness and fight well and mobilize all workers and farmers to work hard and efficiently for the sake of the survival of the fatherland. The year 1984 was the "year of national defense and production." The MPLA-Labor Party made the following appeal: "To advance by the path we have chosen--building socialist society--many more products must be produced." This appeal was met with enthusiastic response on the part of all of Angola's laboring people. In December 1984, President dos Santos observed that much progress had been made under the emergency programs: production had been accelerated, total output had been significantly increased and political security had been firmly maintained. In the capital Luanda, more than 150 enterprises met and exceeded plan quotas. In the fight to defend the fatherland, the People's Armed Forces for the Liberation of Angola killed nearly 2,000 FNLA and UNITA bandits and forced 1,500 to surrender between June and December 1984.

In foreign affairs, Angola is a reliable member of the national liberation movement and the Non-aligned Movement. Concerning Africa, Angola has frequently confirmed its solidarity with the people of Namibia, the South-West African People's Organization (SWAPO) and the African National Congress (ANC) in their just struggle. The international position and prestige of Angola have been steadily enhanced. In Luanda, the capital of Angola, an important event took place between 4 and 7 September 1985: the Conference of Foreign Ministers of the Non-aligned Countries. Along with the other member countries of the Non-aligned Movement, Angola is making positive contributions to the struggle against imperialism and colonialism, the struggle for peace, national independence, democracy and social progress.

We Vietnamese have been following the revolutionary developments in the country of Angola with feelings of profound empathy and derive inspiration and a feeling of pride from the victories won by the Angolan revolution. On the occasion of the 10th anniversary of the People's Republic of Angola, we send to the people of Angola our warm feelings of affection and wish the fraternal people of Angola many larger victories in their noble revolutionary cause.

7809
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CHINA: THE CONSEQUENCES OF THE "OPEN DOOR" POLICY

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 pp 85-88

[Article by Phuong Son]

[Text] Some 700 years ago, a European named Marco Polo "discovered" China, thereby "opening the door" to China for Western invaders to plunder China and exploit and kill Chinese. It was not until centuries later that the people of China's ethnic groups, having shed much of their blood, were able to drive off the foreign invaders and close the door to China once again.

Seven years ago, the "door" to China was "opened" again! This time, it was not opened by Westerners, but by a Chinese. His name is Deng Xiaoping.

In late 1978, immediately after he rose to power in the Zhongnanhai, Mr. Deng announced his "open door" to the West policy. What is the objective of Mr. Deng's "open door" to the West policy? It is to acquire capital and technology from the Western countries in order to carry out the "four modernizations," thereby making China a "first-rate superpower" and making the dream held by the "sons of god" of ruling the world a reality.

In the 7 years that have elapsed, what results has Mr. Deng's "open door to the West" policy produced?

As foreigners, we have not been able to learn very much about the results achieved by China under their "open door" policy. Because of the secrecy involved, this is especially true with regard to results achieved in the military field. But, this field is the foremost concern of Chinese authorities. Is not the modernization of national defense foremost among the "four modernizations"? However, even in this field, we have, through the Western press, been able to learn the following:

First, China has "opened its door" to the establishment by the United States of two U.S. military spy stations on Chinese soil to observe nuclear weapon and intercontinental ballistic missile tests of the Soviet Union. These two stations were previously located in Iran. After the Shah of Iran was toppled, the United States was forced to remove these stations from Iran and move them to China.

Secondly, China has "opened its door" for the Western countries to store atomic wastes on Chinese soil, thus turning China into the "atomic dumping ground" of the Western countries.

Thirdly, China has "opened its door" to receive 6 million dollars in heavy artillery rounds from the United States (this in only the first phase of deliveries) in order to build up China's supply of artillery rounds, which has been depleted by the attacks on Vietnam's border provinces, especially on Vi Xuyen, a district into which China has fired millions of heavy artillery rounds.

This is not to mention that China has "opened its door" to tens of thousands of trips by American generals and admirals to Beijing to discuss U.S.-Sino military collaboration against the Soviet Union, Vietnam and the other socialist countries.

From an economic standpoint, China has "opened its door" to a flood of unmarketable goods from Japan, the United States and the other capitalist countries, thereby turning China into a major market of international capitalism. Goods of inferior quality that the capitalist countries cannot sell to one another are sold to China. Japan's Mitsubishi Corporation has reported that it sold to China 824 defective trucks (cracked frames, broken gear boxes). Trade between China and the capitalist countries accounts for more than 90 percent of China's total foreign trade. Meanwhile, trade between China and the Soviet Union and other socialist countries, which once accounted for as much as 70 percent of China foreign trade, now amounts to only about 7 percent. In actuality, China has merged with the world capitalist economy.

Mr. Deng has "opened the door" for capitalist countries to invest and do business in many of China's major cities. The areas in which capitalist countries have been allowed to invest and do business encompass more than 200 million citizens of China. China has planned the establishment of 14 "special economic zones," four of which are already in existence, the most famous being the Shenzhen "Special Zone." These "special zones" are actually new style "international concessions" in present day mainland China.

The infiltration of Japanese and Western capitalism has drawn China into capitalist development. The Chinese press has reported that some 200,000 new corporations and trade centers were established in China in 1984 alone. Of this number, 6,594 were established in Beijing, 8,067 in Liaoning and 1,172 in Harbin. These "corporations" and "trade centers" practice the capitalist style of business. Practically all of these "corporations" and "trade centers" are in the hands of influential persons or their wives and children. These persons seek trade with foreign countries in order to make money for themselves. The Chinese press has reported on numerous "black marketing" cases, most deserving of attention among which was the "Hainan Island affair."

From 1 January 1984 to 5 March 1985, the authorities on Hainan Island (Guangdong Province) purchased from foreign countries 89,000 automobiles, 2,860,000 color television sets, 252,000 cameras, 122,000 motorbikes and many luxury consumer goods and then sold them to other localities in China at prices three times higher than they paid in order to make a profit for themselves. Even the deputy secretary of the party committee and the chairman of the administrative committee of Hainan Island participated in this black marketing. Some 872 corporations and 88 public offices in various localities of China also participated. Bankers accepted bribes from the black marketers to loan them money to buy foreign currency worth 570 million dollars. The deputy director of a television manufacturing enterprise purchased 1 million dollars and earned a profit of 200,000 yuan. A party committee member was given 30,000 yuan by another person for having loaned this person the money for this undertaking. In the black marketing case on Hainan Island, many persons made more than 1 million yuan. One state farm worker made 2.09 million yuan. HAINAN DAILY Newspaper made 4.3 million yuan. The Western press estimated that as much as 1.5 billion dollars were pocketed by the persons who participated in the black marketing affair on Hainan Island. All of this took place in just one small, backward area. The volume of "business" is surely much larger at other places, places that are larger and more "advanced." Day after day, the Chinese press has been reporting on cases of black marketing and corruption involving cadres who hold positions that they have been able to misuse due to their contacts with foreigners. Some cases, such as the production and marketing of fake goods in Zhanjiang, have been supported and covered up by the local organization of the communist party.

As regards culture and ideology, China has "opened its door" to the corrupt ideology and culture of international capitalism, which have inundated the country and caused "spiritual pollution." Pornographic and decadent books, magazines and films of the West are in widespread circulation. The Chinese press recently reported on a high ranking party cadre in Yunnan Province who used public funds to buy pornographic films smuggled in from a foreign country. The refuse of Western culture has inundated China. On 19 October 1985, Japan's Kyoto News Agency reported: "China is currently awash in lewd films and pornographic pictures."

From the standpoint of social attitudes, the infiltration of Western capitalism into China has encouraged the thinking that "money is everything," encouraged the "worship of money" among the cadres and people of China. In its 1 October 1985 issue, PEOPLE'S DAILY wrote: "It must be recognized that the results we have achieved in our effort to build the socialist civilization to date have not been ideal, bourgeois and feudal poisons have still not been reduced to the lowest possible level and even some ugly phenomena that disappeared after the liberation have now reappeared."

The progress report of the Chinese government at the 3rd session of the 5th National Assembly on 27 March 1985 acknowledged: "In the recent past, unwholesome phenomena, such as misusing one's public position and authority to engage in black market trade in scarce materials, holding lavish banquets, making frequent gifts, offering and accepting bribes and so forth, have been on the rise."

The chairman of the Central Discipline Control Commission of the Communist Party of China, in a speech at the 24 September 1985 plenary session of this commission, acknowledged: "Whenever we talk about opening the door to the outside and bringing new vitality to the country, agencies of the party, government and army and party and government cadres as well as their children vie with one another in a rush to go into business. An investigation conducted in only a handful of provinces and municipalities showed: in only a very short period of time, since the 4th quarter of last year, more than 20,000 companies of various kinds have been established. The majority of these companies are involved in unlawful businesses based on ties with elements who operate outside the law and with foreign businessmen. Very many improper practices have arisen, such as taking advantage of loopholes in the reforms that have been enacted to earn a commission as a middle man and practice fraud; accepting and offering bribes; sending illegal goods overseas; earning a living dishonestly and using one's influence to make money; evading and cheating on taxes; producing and marketing fake drugs and fake liquor; and divising schemes to become rich and famous. These phenomena even include such things as selling and showing decadent and pornographic films. The corrupt capitalist thinking of "everything for money" is seriously eroding the style of the communist party member and our social manners."

"Opening the door" to the West and the influx of international capitalism have unleashed within China a movement to go into business and make money. Feeling that "the road to riches lies in trade," everyone is looking for a way to go into business, go into trade to earn maximum profits. Farmers are no longer interested in raising cereal grains and have even stopped raising hogs and vegetables to do other things that bring them much more money. Many persons in China see this as a grave danger. They maintain that a shortage of cereal grains will lead to social unrest. Advancing the theory that "grain shortages lead to unrest," they have called for greater emphasis on agricultural development. The "road to riches lies in trade" faction and the "grain shortages lead to unrest" faction are locked in bitter struggle.

The "open door" to the West policy has split China's society into many separate and competing segments and, at the same time, divided the Communist Party of China internally. The consequences of Mr. Deng Xiaoping's "open door" to the West policy have greatly harmed the people of China and the genuine communists in China.

Where will Mr. Deng Xiaoping's "open door" policy lead China? We need not wait for the next "act"--everyone already knows where.

7809
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Cover Pages

Hanoi TAP CHI CONG SAN in Vietnamese No 11, Nov 85 Inside Back Cover, Outside Back Cover

[Text] Inside Back Cover

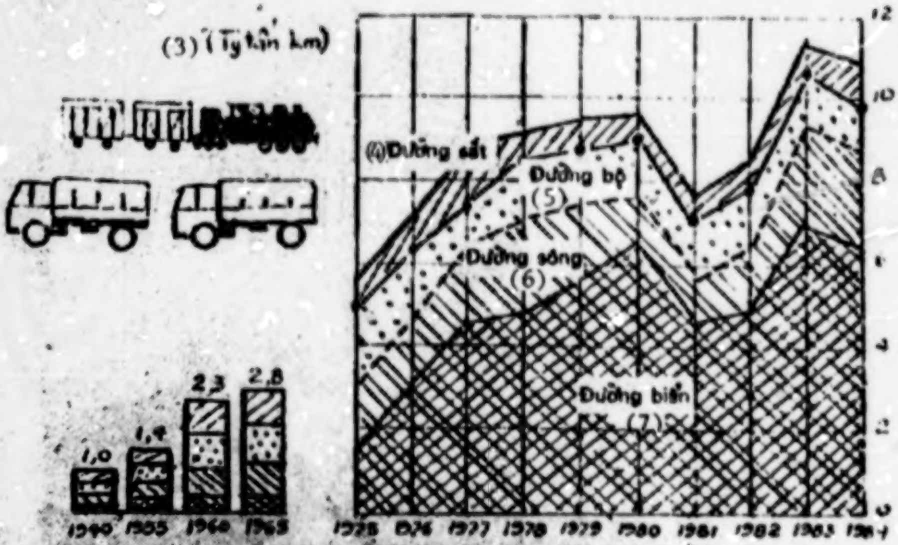
Key:

1. Transportation
2. Freight transported
3. Billions of ton-kilometers
4. Rail transport
5. Highway transport
6. River transport
7. Sea transport
8. Passengers transported
9. Billions of person-kilometers
10. Water transport
11. Highway transport
12. Rail transport

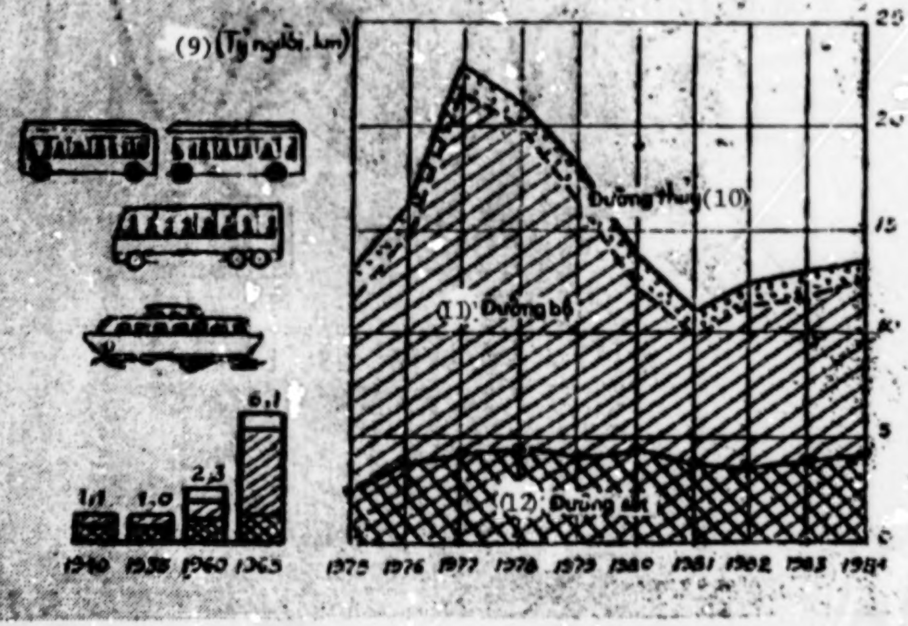
[see chart following page]

(1) VẬN TẢI

(2) KHỐI LƯỢNG HÀNG HÓA LUÂN CHUYỂN



(8) KHỐI LƯỢNG HÀNH KHÁCH LUÂN CHUYỂN



Outside Back Cover

"Forever Enduring and Strong--Vietnam-Soviet Union Solidarity and Comprehensive Cooperation" [these words appear below a drawing, in red and white, by Tran Mai depicting two young male workers, one Soviet, one Vietnamese, standing side by side facing each other. The two workers are dressed in similar overalls, workshirts and caps. With one hand, each is holding an edge of a piece of paper. The paper extends from the left to the right hand margins of the drawing. In the center of the drawing, along the right hand margin, the paper turns upside down and becomes a red road. This red road extends upward in an arc through the center of the drawing. The road is divided by a white, dotted line. In the bottom lane of this road is a large white star. In the upper lane are a small white star and a white hammer and sickle. All of the above is set against the background of oil rigs and a power plant drawn in stipple.]

7809
CSO: 4210/4 END

INDEX TO TAP CHI CONG SAN No 11, November 1985

[The following index is provided as a service to JPRS consumers.]

A
Afghanistan, 15
Agricultural cooperativization
  in the North, 59
  in the South, 59
ANC, 97
ASEAN, 11
Asia-Pacific, 15

B
Bolivia, 73

C
Cambodia, 4, 13, 14, 15, 16, 73, 74, 77
  targets for 1990, 10, 11
  Vietnamese forces in, 8
CEMA, 5
China, 7, 11, 15, 25, 26, 28, 56, 60, 72, 73, 74, 75, 79, 96
  Jinan Military Region, 27, 29
  Kunming Military Region, 26
  Nanjing Military Region, 27, 29
  special economic zones in, 99
  Wuhan Military Region, 27, 29
Communist Party of China, 100, 101
CPSU, 1, 3, 4, 5, 6
Cuba, 15, 73

D
Deng Xiaoping, 98, 99, 101

E
Eight CPV Plenum
  resolution of, 22, 24
Eighth CPV Plenum
  resolution of, 17, 18, 20, 23, 31, 32, 33, 34, 36, 37, 38, 39, 43, 44, 47, 48, 49, 54, 90
El Salvador, 15
Ethiopia, 94

F
Fifth CPV Congress, 20, 48, 49, 54
FNLA, 96
Fourth CPV Congress, 20
France, 2, 56, 57, 72, 73, 74, 75, 76, 78

G
Gorbachev M.S., 3, 15

H
Ha Tuyen Province
  Chinese forces and, 26, 28, 29
Haiphong, 65
Ho Chi Minh, 2, 5, 13, 16, 56, 57, 72, 78, 79, 81, 85
  as Nguyen Ai Quoc, 2
Hoang Lien Son Province
  Chinese forces and, 26

I
India, 15, 25
Indochina, 1, 4, 8, 10, 11, 12, 13, 15, 16, 28, 73, 74, 75, 76
Indochina Communist Party, 13
Indonesia, 73
Iran, 98

K
Kampuchean People's Revolutionary Party, 7, 9, 11, 12, 13, 14, 16
Kien An District
  Crop Insurance Corporation of, 65, 67, 68, 69, 70

L
Lang Son Province
  Chinese forces and, 26
Laos, 4, 11, 12, 14, 15, 16, 73, 74, 77
Le Duan, 2, 3, 12, 22
  visit to Soviet Union, 82, 85
Lebanon, 15

M
Mongolia, 75
Mozambique, 94
MPLA, 94, 95, 96

N
Namibia, 15
Neto, A., 94
Nicaragua, 15
Non-aligned Movement, 79, 96, 97

P
Party Secretariat, 55
People's Republic of Angola, 15
  Bulgaria and, 95
  Cuba and, 95
  GDR and, 95
  Soviet Union and, 95
  Vietnam and, 95

Pham Van Dong
  visit to Soviet Union, 82
Political Bureau
  resolution 28, 31, 33, 37

S
Samrin, Heng, 7, 12, 13
Santos, J.E. dos, 96
Savimbi J., 96
Sixth CPV Congress, 24
Sixth CPV Plenum, 20, 22
South Africa, 95, 96
Southeast Asia, 2, 4, 5, 15, 74, 75, 78
Soviet Union, 1, 2, 3, 4, 5, 10, 11, 14, 15, 25, 50, 72, 73, 75, 78, 79, 98, 99
  cultural cooperation with, 85
  economic aid from, 2, 4, 5, 81, 82, 83
  economic cooperation with, 83
  scientific cooperation with, 84, 85
  trade agreements with, 81, 82, 84
SWAPO, 97

U
UNITA, 96
United Nations, 79
United States, 2, 3, 4, 7, 11, 14, 15, 56, 58, 59, 72, 73, 74, 75, 76, 77, 78, 79, 94, 96

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Southeast Asia Report

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25 February 1986

SOUTHEAST ASIA REPORT

CONTENTS

INTER-ASIAN AFFAIRS

Soviet Advances Toward ASEAN Members Analyzed
(John Thomas; AFP, 6 Feb 86) 1

AUSTRALIA

Opposition Delegation Praises Indonesian Migration Program
(AFP, 5 Feb 86) 4

Article Details Problems in Agriculture
(Frederick Saville; SOUTH CHINA MORNING POST, 5 Feb 86) 5

Briefs
ALP Expels Left-Wing Member 8
Maltese President Visits 8
Hayden Deplores Israeli Interception 8
Trade Minister Visits U.S. 8

BURMA

Von Weizsaecker Speaks at Burma Banquet
(DPA, 5 Feb 86) 10

Further Notice on Refunds of Demonetized Money
(Rangoon Domestic Service, 31 Jan 86) 11

FIJI

Alliance Party Funding by U.S. Charged
(THE FIJI TIMES, 20 Jan 86) 12

Drought Hits Sugar Crop
(Asha Lakhan; THE FIJI TIMES, 20 Jan 86) 13

INDONESIA

Mokhtar Says Ties With Australia, PNG Improve
(Jakarta International Service, 6 Feb 86) 14

Agreement Among Timor Resistance Groups
(TEMPO, 20-26 Dec 85) 15

Briefs
Envoys Present Credentials 16

MALAYSIA

Problems in Direct Trade With China Discussed
(Editorial; UTUSAN MALAYSIA, 28 Dec 85) 17

Problems With Illegal Immigration Reviewed
(BERITA HARIAN, 24, 27 Dec 85; UTUSAN MALAYSIA, 23 Dec 85) 18

Cost of Repatriation 18
Editorial Urges Indonesian Cooperation 18
Paper Invites People's Help 19

Briefs
1986 Rice Subsidy Allocation 21
Visas for PRC Visits 21

NEW ZEALAND

Auckland, Wellington Papers View Situation in Philippines
(Editorials; THE NEW ZEALAND HERALD, 27 Jan 86;
THE EVENING POST, 29 Jan 86) 22

Poll, U.S. Attitude Analyzed 22
Marcos Role May Have Become 'Unsustainable' 23

Political Parties Lay General Election Plans
(THE NEW ZEALAND HERALD, 28 Jan 85) 25

Opposition on Government's 'Kamikaze' Approach to Economy
(THE EVENING POST, 29 Jan 86) 27

Lange Interviewed on Asian, Nuclear Issues
(David Lange Interview; SOUTH CHINA MORNING POST, 2 Feb 85) 29

Douglas on Moves To Refinance Foreign Debt
(THE EVENING POST, 30 Jan 86) 36

Government To Review Training Programs for Officers
(THE EVENING POST, 29 Jan 86) 38

Briefs
South Pacific Nuclear-Free Zone Consultations 40

PHILIPPINES

Bayan Official Warns of Post-Election Repression
(THE MINDANAO DAILY MIRROR, 19 Jan 86) 41

Survey Analysis Reveals Pessimism if Marcos Reelected
(VERITAS, 21-27 Jan 86) 42

Davao Columnist on Communists' Preference for Marcos
(Bert Tesorero; SAN PEDRO EXPRESS, 18 Jan 86) 44

Economist Sees No Major Changes After Elections
(Maria Rosa Ocampo; ANG PAHAYAGANG MALAYA, 24 Jan 86) 46

NDF Discusses Reasons for Poll Boycott
(WE FORUM, [illegible] Jan-3 Feb 86) 48

Columnist on Possibility of U.S. Bases' Transfer
(Jose I. Angliongto; MINDANAO TIMES, 25 Jan-1 Feb 86) 49

Davao Editorial Views Abuses by Marines, ICHDF
(SAN PEDRO EXPRESS, 16 Jan 86) 50

Manila To Ask for Rescheduling of Foreign Debts
(George T. Nervez; PHILIPPINES DAILY EXPRESS, 30 Jan 86) 51

Tax Official Denies Revenue Loss From Petrol Price Drop
(BUSINESS DAY, 31 Jan 86) 53

National Oil Company's Coal Subsidiaries Face Strike
(BUSINESS DAY, 31 Jan 86) 55

Ample Supply of Staples Assured; Hoarders Warned
(BULLETIN TODAY, 22 Jan 86) 56

Briefs
Investments in Agriculture 57
Bank Merger Possible 57

SINGAPORE

Steps Considered To Deal With Economic Downturn
(THE STAR, 8 Jan 86) 58

Briefs
Tan Koon Swan's Associate Sentenced 59

THAILAND

Athit Extension, General Mana Military Party Linked
(SU ANAKHOT, 29 Jan-4 Feb 86) 60

CAMBODIA

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

Thai Daily on SRV Campaign Against Khmer Rouge
(THE NATION, 4 Feb 86) 65

Briefs
Khmer Rouge Claim Attack on SRV Positions 68

PEOPLE'S REPUBLIC OF KAMPUCHEA

Official Interviewed on Friendship With SRV
(Chan Ven; Phnom Penh Domestic Service, 3 Feb 86) 69

Hun Sen Thanks India's Gandhi for Greetings
(Phnom Penh Domestic Service, 31 Jan 86) 70

Heng Samrin, Hun Sen Thanks to Mongolian Counterparts
(Phnom Penh Domestic Service, 6 Feb 86) 71

Hun Sen Thanks MPR's Dugersuren for Greetings
(Phnom Penh Domestic Service, 6 Feb 86) 72

Phnom Penh Reports Challenger Destruction
(Phnom Penh Domestic Service, 1 Feb 86) 73

Report on Agricultural Developments 27 Jan-2 Feb
(Cambodian Media Monitored, 27 Jan-2 Feb 86) 74

Briefs
Literacy Campaign Meeting 77
Hungarian Health Delegation Leaves 77
LPDR Banking Cooperation Document Signed 77
Lao State Bank Delegation Visits 78
January Battle Successes 78
Kompong Thom Military Activities 78
Police Force Success 78
1985 KPRAF Actions 79

VIETNAM

INTERNATIONAL RELATIONS, TRADE, AND AID

Vietnam-Soviet Cooperation: Achievements and Prospects
(VIETNAM COURIER, Dec 85) 80

Van Tien Dung's Greetings to LPA Chief
(NHAN DAN, 21 Jan 86) 84

Leaders Greet Lao Counterparts on Border Treaty
(NHAN DAN, 27 Jan 86) 86

NHAN DAN Welcomes Cuban Communist Party Congress
(VNA, 4 Feb 86) 87

Briefs
Communique Supports Cambodia Stance 89
USSR Ambassador Bestows Friendship Order 89
Congolese Envoy Takes Leave of Van Dong 89
Aid To Storm-Stricken Province 90

PARTY ACTIVITIES AND GOVERNMENT

Pham Van Dong Meets With Hanoi Workers
(Kim Cuc; Hanoi Domestic Service, 5 Feb 86) 91

AGRICULTURE

Measures Cited To 'Rejuvenate' Red River Delta
(VNA, 10 Feb 86) 94

Transformation of Aluminous Soil in Dong Thap
(VNA, 8 Feb 86) 96

Briefs
Winter-Spring Rice Acreage 97

TRANSPORTATION AND COMMUNICATIONS

Briefs
Civil Aviation Development 98
Bridges Near PRC Border 98

PUBLICATIONS

Table of Contents of TRIET HOC Sep 85
(TRIET HOC, Sep 85) 99

Table of Contents of KHOA HOC VA KY THUAT NONG NGHIEP Dec 85
(KHOA HOC VA KY THUAT NONG NGHIEP, Dec 85) 101

Table of Contents of TAP CHI HOAT DONG KHOA HOC Dec 85
(TAP CHI HOAT DONG KHOA HOC, Dec 85) 102

Table of Contents of VIETNAM COURIER December 1985
(VIETNAM COURIER, Dec 85) 103

CHRONOLOGY

Chronology for 16 October-15 November 1985
(VIETNAM COURIER, Dec 85) 104

INTER-ASIAN AFFAIRS

SOVIET ADVANCES TOWARD ASEAN MEMBERS ANALYZED

HK060512 Hong Kong AFP in English 0423 GMT 6 Feb 86

[Article by John Thomas]

[Text] Singapore, Feb 5 (AFP)--The Soviet Union is striving for better relations with non-Communist Southeast Asia--a move which some foreign diplomats here see as a bid to counter growing Chinese and U.S. influence in the Far East.

Moscow's push in member-states of the Association of Southeast Asian Nations (ASEAN) appears to be centered here, where the Soviet Embassy has been particularly active in recent weeks, inviting reporters to two press briefings to discuss Soviet initiatives and one informal meeting with the ambassador.

Singapore, an ASEAN hardliner on the Cambodian issue, was apparently chosen because there are a large number of foreign correspondents here responsible for coverage of Southeast Asia, diplomatic sources said.

Moscow signaled its desire for improved ties with an initiative last month on Cambodia, amid indications that it was also pressing its Indochinese allies to cooperate.

Soviet diplomats here described the push as part of a global effort by the new Kremlin leadership to ease East-West tensions, but some Asian and Western diplomats here link it to Moscow's fears of being left behind China and the United States in the race for influence in the Far East.

One Asian diplomat said the move also reflected Moscow's concern about the political and economic cost of itself and its allies of the long Cambodian conflict in terms of relations with ASEAN and its member-states' budding economies.

"We are patiently trying to improve relations" between Moscow and ASEAN and "help bring about cooperation between ASEAN and the Indochinese states--Vietnam, Laos, Cambodia--to their mutual advantage," a senior Soviet diplomat said.

One political analyst noted that Moscow was making use of the very issue--Cambodia--which alienated ASEAN several years ago to now make overtures of friendship.

The Soviet Union, through its multimillion-dollar economic and military aid to Vietnam, is seen as the force behind Hanoi's military hold on Cambodia since Hanoi toppled the pro-Beijing Khmer Rouge regime in early 1979.

A Singaporean diplomat, while saying he remained skeptical, observed that the new overture indicated a significant easing of the previous Moscow-Hanoi stance that the situation in Cambodia was "irreversible."

Other diplomats noted that the present move came at a time when several ASEAN members were looking to Eastern Bloc nations to offset a fall in exports to traditional Western markets due to the recession and growing protectionist sentiment.

The Soviet drive began with Deputy Foreign Minister Mikhail Kapitsa stating Moscow's preference for a political settlement in Cambodia as a scene-setter to the Vientiane meeting of Indochinese foreign ministers which proposed talks among the warring Khmer groups and a conference of interested countries.

The element, diplomatic analysts said, was a more conciliatory approach to the Khmer Rouge. Past proposals for talks failed to get off the ground because the Indochinese group rejected the pro-Beijing Khmer Rouge while ASEAN refused to recognize the pro-Hanoi government in Phnom Penh.

But according to the Vientiane proposal, the Heng Samrin government in Cambodia had agreed to talks with representatives of the Khmer Rouge who were not linked with the leadership of Pol Pot and Ieng Sary held responsible for the Khmer Rouge's bloody rule between 1975 and 1978.

This was nearer the ASEAN proposal last year of talks between a coalition of the three Cambodian groups--the Khmer Rouge, the Khmer People's National Liberation Front and the Sihanoukist National Army--and a Vietnamese delegation, including Heng Samrin representatives.

Diplomatic sources here said meanwhile that ASEAN members were quietly considering face-saving options to get the talks moving.

The latest ASEAN thinking had been put to Austrian Foreign Minister Leopold Gratz, the new president of the International Conference on Kampuchea (Cambodia) [ICK] which is the U.N. body dealing with the problem, during his tour of four ASEAN countries ahead of his visit to Hanoi which started Wednesday.

ASEAN, made up of Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand, has always favored a political settlement arrived at by the ICK leading to the unconditional pullout of Vietnam's 150,000-170,000 troops from Cambodia followed by U.N.-supervised elections in the country.

ASEAN has so far rejected proposals for direct talks between the Cambodian guerrilla grouping and the Heng Samrin government for fear this would imply recognition of the Phnom Penh regime's legitimacy. But in private, some ASEAN members are known to take a softer line on the matter.

Western diplomatic sources say the influence of China has blocked an ASEAN compromise that might get talks started among the Cambodian factions.

A solution to the Cambodian problem is also of concern to ASEAN's main backer, the United States, which has made its first timid steps towards fence-mending with Vietnam. Moscow is counting on that factor to influence ASEAN to ease its stance, the diplomatic sources hold.

ASEAN members are expected to meet with President Ronald Reagan in April when he makes a brief stopover in Bali, and the new Moscow initiative is bound to be discussed, diplomatic sources said.

Soviet diplomats meanwhile said they were looking to visits to Moscow by Malaysian Prime Minister Mahathir Mohamad and Indonesian President Suharto this year following Soviet Deputy Premier Yakob Ryabov's visit to the two countries last autumn.

/12766
CSO: 4200/661

AUSTRALIA

OPPOSITION DELEGATION PRAISES INDONESIAN MIGRATION PROGRAM

HK050800 Hong Kong AFP in English 0642 GMT 5 Feb 86

[Text] Sydney, Australia, 5 Feb (AFP)--An Australian opposition delegation which has just returned from Irian Jaya today commended the controversial transmigration programme in the Indonesian province.

Liberal Party frontbencher David Connolly, who led the four-man mission to Irian Jaya last month, told reporters that the mainly Melanesian population could not realistically expect to keep the province to themselves.

Transmigration was a practical necessity in a province where only 1[?] million Irian Jayans occupied 20 percent of the territory of Indonesia which had a total population of 162 million, he said.

The Indonesian Government has moved some 85,000 people, mainly from Java, to Irian Jaya in the initial stages of the programme.

Despite cultural and religious problems, Mr Connolly said that "in time there's not the slightest doubt that there will be a fusion of cultures."

Not all Melanesian-Irian Jayans opposed the policy, particularly the developing middle classes, like soldiers and public servants, who wanted development in the province, he said.

Mr Connolly added that it was time for Australia to improve its relations with Indonesia, though observers said an amelioration process was already under way following the successful visit to Australia last December by Indonesian Foreign Minister Mokhtar Kusumaatmadja.

/9604
CSO: 4200/677

AUSTRALIA

ARTICLE DETAILS PROBLEMS IN AGRICULTURE

HK050701 Hong Kong SOUTH CHINA MORNING POST in English 5 Feb 86 p 2

["View From Down Under" column by Frederick Saville: "Farmers Reap a Disaster"]

[Text] The message this year from Australia's Annual Agricultural Outlook Conference which the Bureau of Agricultural Economics [BAE] organises annually is that primary industry faces its worst year ever. Seven percent of all farmers, and 10 percent of wheat farmers, face ruin, because they cannot service their debts.

After allowing for inflation, Australian farmers are having their worst year for 9 years. Average income on family farms will be down to A$6,700 (about HK$36,850). Since there are 1.8 farmers to each family farm, that means an average income per farmer of A$3,800 (about HK$20,900), which is far lower than the national average.

After allowing for the effects of falling land values, the real return on capital and management will be minus 6 percent.

Falling world prices have eroded the gains from the depreciation of the dollar, seasonal factors have reduced production, domestic costs have squeezed farmers, but the last straw has been sharply rising interest rates on debts, which have increased because of the other factors.

The total farm debt is probably now about A$8 billion (about HK$44 billion). The average farm debt is around A$80,000 (about HK$440,000). The level of farm equity--of debt free ownership--is 89 percent.

Worst hit are the wheat farmers. Half of them have debts greater than A$80,000 and one in every eight has debts greater than A$260,000 (about HK$1.43 million), at rates of interest rising to 21 percent.

Farmers who borrowed overseas because rates were lower have suffered devaluation effects up to 33 percent.

Graingrowers in general and wheat growers in particular are caught in the middle of a massive trade war between Europe and the United States.

The European Community's agricultural support schemes have turned Europe from being a food importer to being a food exporter by making the intensive use of fertilisers into an economic proposition.

Their grain exports have cut into Australian markets around the world and lowered commodity prices around the world by A$1 billion (about HK$5.5 billion) a year.

The United States, which is the world's major producer and exporter of agricultural commodities has responded with a farm bill which will do for American farmers what the common agricultural policy has done for European farmers--it will enable them to export at prices which are subsidised to make them competitive with Europe.

Europe and the United States have the industrial economies to support this exercise in global irresponsibility, at least in the short term. But when two elephants fight, it is the grass which suffers. The grass, in the elephant metaphor, is the rural sectors of Australia, Canada and New Zealand.

The Primary Industry Minister, Mr John Kerin, estimates the cost to the Europeans and the United States of their support schemes at more than A$70 billion (about HK$385 billion) each, and says, not unreasonably, that it is a fight which Australia cannot get into.

For wheat growers, the consequence will be an average income this year of minus A$7,500 (about HK$41,250), with the outlook for next year even worse.

In western Australia, where wheat growers on light country must use heavy quantities of fertilisers, interest on debts rose 17 percent last year and is estimated to rise by 34 percent this year, while farm values are down by 20 or 30 percent.

The BAE, an Australian Government instrumentality, expects the return from exported wheat this year to fall by A$4 (about HK$22) a tonne to A$177 (about HK$973.5), and to fall by a further A$14 (about HK$77) a tonne next year to A$163 (about HK$896.5).

Apart from Europe and the United States, China has freed up its collectivist system, allowing the introduction of incentives for farmers, resulting in an increase in production in what was once a very useful Australian market.

The BAE's Mr Roger Rose told the conference that about 40 percent of the value of wheat at point of export was in the form of costs incurred off the farm, and that there was a high degree of government involvement in the handling, transport and marketing of wheat (and other agricultural produce, for that matter).

"Ensuring that the individuals within the off-farm sector face the same kinds of incentives (as farmers) to minimise costs may be the most effective way of maintaining a viable wheat industry," Mr Rose said.

The key element in this is the power of Australian trade unions which have ensured overmanning and waste in the distribution and marketing of Australian agricultural produce.

Mr Kerin denied during the conference that the government was indifferent to the problems of farmers because they do not vote for the Australian Labor Party.

The government may well be indifferent to the plight of individual farmers--Mr Kerin contemplated with some equanimity the prospect that farmers' protests might get out of hand and affect public opinion in the cities.

But there is increasing awareness in the government that the rural crisis threatens the well-being of all Australians.

If employment is to continue its gradual rise, and if living standards are to be maintained and improved, Australia's productive capacity has to increase.

The only way to do this is through investment. Apart from considerations of confidence and interest rates, this means increased imports.

As the experience of depreciation illustrates, Australia has to import both capital goods and some manufacturing inputs, no matter what the exchange rate.

Imports can only be paid for with exports, or with debts. Already one third of export earnings go to service the overseas debt.

The threat to agriculture from trade wars, slack markets and high and rising Australian costs is a threat to 40 percent of Australia's exports, and thus to the earnings required to finance growth.

The rural crisis is more than tough luck for farmers today. It is a national crisis for the whole country, in the medium term, as balance of payments and debt problems come to bear more heavily on the value of the currency and the level of economic activity.

/9604
CSO: 4200/677

AUSTRALIA

BRIEFS

ALP EXPELS LEFT-WING MEMBER--The National Executive of the Australian Labor Party has voted to expel a prominent left-wing member, Mr Bill Hartley. The vote of the executive meeting in Melbourne was 11 to 7 in favor of the expulsion move which was made against Mr Hartley because of his outspoken criticism of the federal and Victorian governments. Mr Hartley, a leading member of the Socialist Left faction of the party in Victoria, has also created controversy in the party over his pro-Arab stance. He has already indicated that any expulsion move against him would take considerable time because he would appeal through both the courts and the party itself. [Text] [Melbourne Overseas Service in English 0430 GMT 3 Feb 86] /9604

MALTESE PRESIDENT VISITS--The president of Malta, Miss Agatha Barbara, has arrived for a week-long visit to Australia. Miss Barbara will meet local manufacturers in Melbourne later in the week to discuss the possibility of setting up factories in Malta. There are some 300,000 Maltese in Australia, about the same number living in Malta. [Text] [Melbourne Overseas Service in English 0830 GMT 3 Feb 86] /9604

HAYDEN DEPLORES ISRAELI INTERCEPTION--Australia has condemned Israel's interception of a Libyan executive jet this week which was thought to be carrying Palestinian guerrillas but which turned out to have only Syrian and Lebanese politicians on board. The foreign minister, Mr Hayden, said the Australian Government deplored the action. He said such an interception could scarcely ever be justified and certainly was not in this case. Mr Hayden said he could understand Israel's motive in seeking to act against international terrorism, but that did not justify the interception of a civil aircraft in international airspace. [Text] [Melbourne Overseas Service in English 0830 GMT 6 Feb 86] /9604

TRADE MINISTER VISITS U.S.--The minister for trade, Mr Dawkins, has arrived in Washington for talks with American trade officials. Radio Australia's Washington correspondent, Jim Middleton, says wheat, beef, and sugar are the specific commodities of concern to Mr Dawkins--sugar because the United States is reducing imports, wheat and beef because of the impact of American subsidies on Australian prices and markets. In a statement on his arrival, Mr Dawkins said he viewed with dismay policies recently adopted by the United States which would contribute to the breakdown of an already unstable world market heavily under threat from predatory trading practices. Middleton says that during his 2 days of talks Mr Dawkins will also seek regular, possibly annual, ministerial trade talks with the United States like the negotiations Washington already has with the European Economic Community, Japan, and Canada. Apart from talks with the American special trade representative, Mr Dawkins will also meet the secretaries of agriculture, commerce, labor, and state. [Text] [Melbourne Overseas Service in English 0430 GMT 10 Feb 86] /9604

CSO: 4200/677

VON WEIZSAECKER SPEAKS AT BURMA BANQUET

LD051644 Hamburg DPA in German 1416 GMT 5 Feb 86

[Excerpts] Rangoon, 5 Feb (DPA)--President Richard von Weizsaecker has encouraged Burma to proceed further along its path of "positive neutrality" and independence in foreign policy. Weizsaecker said at a banquet held in his honor in the capital, Rangoon, that Burma's path of nonalignment had convinced the world. Von Weizsaecker, who arrived in Rangoon this afternoon accompanied by Development Aid Minister Juergen Warnke, is the first head of state from the FRG to visit this state in the Far East.

Von Weizsaecker paid tribute in his speech to the trusting relationship that has developed between the two states since the establishment of diplomatic relations in 1955. German firms have made important contributions to Burma's economy in the past 30 years. The guiding thought here has been cooperation for mutual benefit. The fact that Burma has not sought a "jack-of-all-trades type of development," but carefully selects from the range of technology offered by the industrialized world that which strengthens the country's economy without harming its old culture and its self-assured identity, is viewed in Germany with respect and sympathy, he said.

/8309
CSO: 4620/26

FURTHER NOTICE ON REFUNDS OF DEMONETIZED MONEY

BK311338 Rangoon Domestic Service in Burmese 1330 GMT 31 Jan 86

[Announcement of the Refund Scrutiny Central Body of the Socialist Republic of the Union of Burma on matter of issuing Demonetized Currency notes--dated 31 January 1986]

[Text] 1. Legal tender currency notes have been issued in exchange for the balance left in banks to the working people and to organizations concerned which have deposited up to 1,000 kyat from 1 January this year in the first stage and those who have deposited more than 1,000 kyat and up to 3,000 kyat from 20 January 1986 in the second stage.

2. In the third stage, arrangements have already been made by the banks on behalf of the Refund Scrutiny Central Body to issue legal tender currency notes to the working people and to organizations which have deposited more than 10,000 kyat. Refunds for this are to be made beginning Monday, 3 February 1986 from 0900 to 1500 on working days. Refunds will be made at the same banks where the demonetized notes were deposited.

3. Refunds will continue to be made to the working people and to organizations which have deposited up to 1,000 kyat and those who have deposited from more than 1,000 kyat and up to 3,000 kyat.

4. In drawing the refund, the people are required to produce the original deposit form and the national or foreigner registration card which was used at the time of depositing the demonetized notes.

5. If the person who signed the demonetized notes deposited the notes himself, his national or foreigner registration card must be produced in drawing the refund. If the person who signed the demonetized notes did not deposit the notes himself, then national or foreigner registration cards of both the signatory and the depositor must be produced.

6. Refunds will be made only upon furnishing the aforementioned national or foreigner registration cards and the original deposit form.

7. Further announcements will be made for those who have deposited about 3,000 kyat and up to 10,000 kyat as it takes time to scrutinize these.

/9738
CSO: 4211/25

ALLIANCE PARTY FUNDING BY U.S. CHARGED

Suva THE FIJI TIMES in English 20 Jan 86 p 4

[Text]

The Alliance Party was being funded by funds from the United States, claims the Fiji Labour Party vice-president, Mr Mahendra Chaudhry.

The FLP was also investigating a case where aid money was used to build a Minister's house he said.

Mr Chaudhry made these allegations when addressing about 100 people at an FLP meeting at the Malolo Sangam Temple in Nadi on Sunday afternoon.

"US aid is being used to fund the Alliance Party", Mr Chaudhry said.

He said that once they had completed their investigations, they would make a public statement.

Mr Chaudhry also criticised the National Federation Party for "joining with the Alliance Party and attacking the FLP".

"The NFP should act as an Opposition and fight the Government, but instead they are fighting us," Mr Chaudhry added.

The FLP's general secretary, Mr Krishna Datt, questioned the Government on the 8000 jobs it promised when it imposed the wage freeze.

"Where are the jobs? The Government is quiet about this," Mr Datt said.

"Now that the wage freeze is nearly over, they still have not produced the 8000 jobs promised," Mr Datt said.

Mr Datt highlighted rumours that the Attorney-General, Mr Qoriniasi Bale, would be shifted from his post through a Government reshuffle soon.

He said he knew that the Alliance Party was planning to hold the General Election in August, during the school holidays.

"The PM is trying to catch us flat-footed but we are ready to take them on any time," Mr Datt said.

On the Channel Nine deal for television in the country, Mr Datt said the Government was not saying how much was involved

Mr Datt also called for a pension scheme for all oldagers in the country.

FLP president, Dr Timoci Bavadra, expressed concern at rising crime in the country.

Dr Bavadra also spoke on the rising cases of corruption and called for independent bodies to be asked to look into these.

/9274
CSO: 4200/657

FIJI

DROUGHT HITS SUGAR CROP

Suva THE FIJI TIMES in English 20 Jan 86 p 1

[Article by Asha Lakhan]

[Text]

About 200,000 tonnes of cane in a drought-hit sector between Ba and Tavua could be lost.

This could mean a loss of more than $4 million to the 1500 cane farmers in the two sectors of Baravu and Tagitagi, the area worst hit by the drought.

The two sectors have had no rain since late December. About 30mm of rain on Friday afternoon is regarded as negligible.

The chief executive of the Fiji Sugar Corporation, Mr Rasheed Ali, described it as "a breathing space — a little bit of reprieve".

Mr Ali surveyed the area on Friday, accompanied by the chairman of the Fiji Sugar Commission, Mr Gerald Barrack, and FSC's research manager, Mr Krishnamurthi.

Speaking to The Fiji Times afterwards, Mr Ali said he had "very grave reservations" about the ability of the crop to recover even if the rains did come within a week.

"The whole of the cane area is disastrous for the farmers," he said.

Mr Barrack described the situation in the area as "serious" and said the industry would consider some relief for the farmers who were "suffering seriously".

The matter would be raised at a meeting today of the industry's co-ordinating committee comprising Government officials and industry personnel, he said.

Mr Ali said the situation in the two sectors would be closely monitored over the next few weeks to see how the crop reacted.

"It is a matter of tremendous concern to me. We need enough rainfall to really make the crop grow, and not just survive," he said.

The crop would need at least a 100mm of rain as a "starter" and then between 50-100mm every 10 days to really get going. Mr Krishnamurthi said.

Even then he does not expect it to make a 100 per cent recovery.

Mr Ali said there were "mixed views" on whether the crop stood a chance of pulling through.

While the FSC held "grave reservations" the farmers themselves were rather hopeful.

"Most of them are still feeling that with some rain the crop would recover," he said.

The crop, still in the "barrel stage" and only about 4-5 months old, had not grown for two months.

While the Baravu-Tagitagi stretch is believed to be the worst hit pocket, other areas like Karavi, on the Lautoka side of Ba, were badly affected as well.

The Baravu-Tagitagi sector is said to be suffering from a rain shadow effect.

FSC figures show that while Navatu, about a kilometre away as the crow flies, had about 50mm rain on Thursday, the Baravu-Tagitagi stretch had no rain at all.

Mr Ali described the area as "looking pretty dry and parched out" with just little pockets of greenery along the coastal strips.

Asked whether the irrigation machinery given under Australian aid in the 1983 drought could not be used to help the farmers at all, Mr Ali said this had been considered.

But there were no big creeks that could provide a source of water. The nearest were the Ba and Tavua rivers, and these were too far away.

In about three weeks the FSC would be able to ascertain whether the crop had a chance of recovering, Mr Ali said.

/9274
CSO: 4200/657

MOKHTAR SAYS TIES WITH AUSTRALIA, PNG IMPROVE

BK061518 Jakarta International Service in English 0800 GMT 6 Feb 86

[Text] Foreign Minister Mokhtar Kusumaatmaja said that there has been a considerable improvement during the last 3 months in relations between Indonesia and Australia, and Papua New Guinea. Speaking before a working meeting of the commission [word indistinct] of Parliament in Jakarta yesterday evening, the minister said that his recent visit to Australia has been successful in clearing misunderstandings between the two countries. Both Australia and Indonesia have expressed serious good will and intentions to concentrate more on improving cooperation in common fields.

On the possibility that Indonesia becomes an observer in the South Pacific Forum, Minister Mokhtar said that it is necessary to make some preliminary observations first, including those concerning the status of the South Pacific Forum.

Asked about the prospects in Indonesia-Papua New Guinea relations, the minister expressed his opinion that those in Papua New Guinean prime minister's statement, it is expected that there will be no change in his country's foreign policies, especially concerning Indonesia [sentence as heard]. This opinion, he added, had been reiterated by PNG Foreign Minister Legu Vagi during a recent visit in Jakarta.

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CSO: 4200/666

INDONESIA

AGREEMENT AMONG TIMOR RESISTANCE GROUPS

Lisbon TEMPO in Portuguese 20-26 Dec 85 p 40

[Text] Fretilin and the UDT have agreed to adopt immediately a common platform of understanding with a view to resolving the Timorese question from a global perspective. The news arrived at the deadline of this edition and names Jose Ramos-Horta and Moises Amaral as mediators of the accord. Wednesday, in the Assembly of the Republic offices of the parliamentary group of the CDS 10 years of disagreement on strategy were ended. According to a source close to Fretelin, "now we are going to work together."

For Anacoreta Correia of the CDS, it is "the end of a series of conversations with both parties that goes beyond the difficult problems that had prevented Fretilin and the UDT from agreeing."

Meanwhile, in a press conference yesterday morning in Lisbon, Jose Ramos-Horta, Fretelin's secretary for international affairs, expressed his worry over the fact that Timor "is not receiving the attention it deserves on the part of the presidential candidates."

With regard to U.S. Democrat Tony Hall's latest actions in the House of Representatives, TEMPO has verified that the congressman has just presented a new motion condemming the continuing rights violations in East Timor and the inability of the international Red Cross to carry out its humanitarian aid program to victims of the conflict that continues to smolder between Falintil and the Javanese occupiers.

Meanwhile in Paris, LE MONDE stated that powerful geopolitical and economic reasons have probably induced Australia to back off on its previous policies with regard to Timor, principally those to which the Labor party committee itself in many of its congresses.

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CSO: 3542/56

INDONESIA

BRIEFS

ENVOYS PRESENT CREDENTIALS--President Suharto received the credentials of two new ambassadors at Merdeka Palace, Jakarta, on 29 January. They were Aloya Uwimana of the Republic of Rwanda and U Than Hla of the Socialist Republic of the Union of Burma. [Summary] [Jakarta THE INDONESIA TIMES in English 30 Jan 86 pp 1, 2 BK] /12712

CSO: 4200/666

PROBLEMS IN DIRECT TRADE WITH CHINA DISCUSSED

Kuala Lumpur UTUSAN MALAYSIA in Malay 28 Dec 85 p 8

[Editorial: "Direct Trade with China"]

[Text] Apparently it is difficult to create direct trade channels betwen Malaysia and the People's Republic of China. Although it has been agreed that direct trade between traders of these two countries should be encouraged, the progress achieved to date can be said to be very disappointing.

For instance, when Tun Razak was prime minister, an understanding was reached to permit PERNAS [National Corporation] to act as the sole importer of commodities from China during the mid-seventies. More than 10 years later, however, it appears that 60 percent of the trade between Peking and Kuala Lumpur is still being handled through third parties based in Hong Kong or Singapore.

Clearly Chinese traders are still leaning toward maintaining the traditional trading links they established a long time ago. However, at the time the understanding was reached, this was perhaps acceptable to Malaysia since Peking and Kuala Lumpur had not yet established diplomatic relations nor direct trade. The situation is different now, and we, of course, hope trade can be arranged directly between the traders of both nations.

As proof of our great desire to achieve this end, Prime Minister Datuk Sri Dr Mahathir Mohamad, on a recent visit to Peking, took with him a large trade delegation. However, it is too much to expect that this visit will end the third party trade of Chinese traders.

We draw this conclusion because we know that it is very difficult to change habits in this world. This is true for the Chinese traders who to date have only sold their commodities through known channels and where payment is assured.

Clearly other than expecting Chinese traders to make changes, our traders should also make an effort to establish two-way commercial relations. We know that it is not easy to take such initiative, as Dr Nawawi Mat Awin, chairman of the Malay-Chinese chambers of commerce and industry, has explained.

Nevertheless, such efforts must be increased because the Chinese market has a potential which could be profitable for us. In addition, many of the commodities that Peking wants to buy, both raw materials and manufactured items, are available in this country.

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CSO: 4213/88

PROBLEMS WITH ILLEGAL IMMIGRATION REVIEWED

Cost of Repatriation

Kuala Lumpur BERITA HARIAN in Malay 24 Dec 85 p 1

[Text] Kuala Lumpur, Monday [23 December]--The government has calculated that it had to spend almost $1 million [Malaysian dollars] this year to repatriate some 20,000 illegal immigrants.

A government source said this includes ship and bus fare and food for illegal immigrants detained at police stations.

BERITA HARIAN was informed that of the almost 20,000 aliens repatriated this year, 14,000 were Indonesians, 3,000 were Thais, and the remainder came from Bangladesh, Burma, India, and the Philippines.

Editorial Urges Indonesian Cooperation

Kuala Lumpur UTUSAN MALAYSIA in Malay 23 Dec 85 p 8

[Text] To ensure that the arrival of workers from neighboring Indonesia would be done in an organized way, we signed an agreement on this matter with Jakarta on 12 May. Under that agreement, which was signed in Medan by Datuk Musa Hitam, deputy prime minister, and Mr Sudomo, the Indonesian manpower minister, only Malaysia could decide when and how many workers could be brought into this country.

This means that only when we needed more manpower than could be furnished by our own people, would we bring in workers from that neighboring nation. However, since that agreement was signed, the entry of workers from Indonesia apparently cannot be controlled. More workers than we requested entered the country illegally.

Proof of this are the more than 20,000 illegal immigrants who have been arrested and repatriated to their respective countries in the past year. Although this figure includes workers from India, Bangladesh, and Thailand,, there is no doubt that most of them came from Indonesia because it is located nearby, thus making it easier for them to enter this country.

In addition, we have a long coastline opposite Indonesia. Datuk Radzi Sheikh Ahmad, deputy minister of home affairs, said more stringent measures have been taken to control this situation. However, it cannot be denied that for several reasons these measures have been unsuccessful.

One of them is that our personnel have only a limited capability to guard points of entry along the coast. No matter how good such guarding of our coastline may be, the alien workers escape from such control assisted by certain syndicates.

In addition, they are greatly drawn to this country especially to obtain work on the estates where workers are needed. Wages offered in Malaysia are higher than those they can obtain in their own countries so alien workers can raise their standards of living.

Actually, estate managers could help solve the problem of illegal immigration if they refused to employ those who come in illegally. The government should also obtain the cooperation of the Indonesian government at the initial stage before these workers take to the sea headed for this country. If this problem could be approached at this stage, we believe there would be fewer illegal workers.

Paper Invites People's Help

Kuala Lumpur BERITA HARIAN in Malay 27 Dec 85 p 10

[Text] The public's concern about the entry into this country of an ever increasing number of illegal immigrants is becoming more obvious. At the same time, their reactions to the illegal immigrants are becoming harsher and more worrisome. An increasing number are disgusted with the immigrants who violate the laws of this country by entering Malaysia illegally and competing with Malaysian workers in the labor market as well as those who are involved in criminal activities. For these reasons, they are becoming increasingly vocal in their urging of those in authority to take immediate steps to control the illegal entry of aliens and to take stern measures against those already in this country.

It is not very hard to understand why Malaysians have changed their attitudes toward the illegal immigrants. Those who earlier were ready to be accommodating toward the immigrants and to sympathize with their poor lot in life are more cautious now because more and more of them are entering the country illegally. This concern is becoming more apparent in the current economic recession which has resulted in an increasing number of this country's people being unable to find employment and being discharged from jobs they have held for a long time. Meanwhile, foreign workers, especially those who enter the country illegally, are willing to do whatever work is available and to work for lower wages.

The speed with which some people accused Malaysians of being lazy, of being too selective about what sort of work they do, or of expecting high wages further added to the concern of Malaysians. Statements such as these implied that immigrants, legal or illegal, had the right to be employed if they were ready to work at lower wages. Unfortunately, those who came to this conclusion ignore reality. Naturally Malaysian workers expect a higher income because they have all sorts of financial obligations such as buying or renting homes, schooling their children, and those with a slightly higher income must also pay income taxes. An illegal immigrant is not subject to these requirements.

In view of the exacerbation of the illegal immigrant problem now, the task of controlling them should no longer be turned over wholly to the government and law enforcement agencies. It is ridiculous to think that the Navy, Maritime Police and the Immigration Service can control every inch of the sea and land frontiers of this country. Information gained from police activity in regard to illegal immigrants clearly proves that it is easy for them to slip into this country and obtain false documents.

The illegal immigrant problem is our problem because it is we, the public, who will suffer in the end if we do not fight against it as rapidly as possible. The problem will also hit us, the public, harder because of the irresponsible attitude taken by our society. According to information received, some people in this country harbor illegal immigrants because of family ties or because of greed. Some employers, individuals, and companies use illegal immigrant workers because they want to maximize their profits by paying low wages.

In view of this irresponsibility and customs that violate the law, changes must be made in the way we act to combat this problem. Illegal immigrants will not flood this country if no one will employ them. So, in addition to taking action against illegal immigrants, we must also use our influence on and penalize Malaysians who initiate their entry or employ them. This should be done in the same way as is done with respect to the drug problem. We must acknowledge that it is not enough for us to arrest and penalize illegal immigrants. All parties who are wittingly involved should be penalized. People who are loyal to this country must become the eyes and ears of the government in the effort to eradicate this problem. We sympathize with the straitened circumstances of the aliens who enter our country, but this does not mean that they can evade the law and regulations of this country. Furthermore, we do not prevent them from coming into Malaysia if they do so through legal channels.

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CSO: 4213/88

MALAYSIA

BRIEFS

1986 RICE SUBSIDY ALLOCATION--Kuala Lumpur, Wednesday [18 December]--The National Paddy and Rice Institute (LPN) was allocated $268 million [Malaysian dollars] for next year's operations. This includes $185 million to be used for paddy subsidies to Malaysian farmers. This was the largest of all allocations granted to agencies under the Ministry of Public Enterprises, which was allocated $479 million for administrative and development expenditures. Haji Daud Datuk Taha, deputy minister of public enterprises, said the amount allocated to the LPN is proof that the government is resolved to aid the farmers and secure their income against a drop in the price of paddy. This year, the LPN received $221 million of the total $505 million allocated to the Ministry of Public Enterprises. Of that amount, $170 million was allocated for the paddy subsidy. Haji Daud informed BERITA HARIAN today that in addition to its use for the paddy subsidy, the allocation was to be used to improve LPN services and for the resolution of various problems which have arisen to date. "The granting of this large allocation despite the current economic recession shows that the government is continuing to assist the farmers of this country," he said. Thirty million dollars was allocated for development, he said, to add to the number and expand paddy complexes. [Text] [Kuala Lumpur BERITA HARIAN in Malay 19 Dec 85 p 1] 6804

VISAS FOR PRC VISITS--Kuala Lumpur, Thursday [19 December]--In the first 9 months of this year, the Immigration Service issued 4,781 special permits for visits to China. According to a spokesman for that service, 5,219 permits were granted to those who wanted to go to that country. Those who want to visit China, the spokesman said, must obtain permission from the government prior to their departures, and each request for a visit to China is processed by the Immigration Service before permission to leave is granted. Only three categories of petitioners are granted visas to travel to China: those who have close relatives in that country, those who need immediate or special medical treatment, and those who are over 65 years of age. [Text] [Kuala Lumpur BERITA HARIAN in Malay 20 Dec 85 p 4] 6804

CSO: 4213/88

AUCKLAND, WELLINGTON PAPERS VIEW SITUATION IN PHILIPPINES

Poll, U.S. Attitude Analyzed

HK051450 Auckland THE NEW ZEALAND HERALD in English 27 Jan 86 p 6

[Editorial: "Squeeze on Marcos"]

[Text] Destiny seems to be crowding in on the ailing Mr Marcos. The disclosure in the United States of long-existing official documents that seem to disprove his claims to have been a Second World War hero show the depth of American disillusionment with a South-east Asian ally.

The Philippine President's popularity with his public was largely founded on his legendary wartime exploits. If they helped him to attain power 20 years ago, their proved fraudulence would help to oust him from office on February 7 as will recent United States congressional disclosures that the Marcos family has invested hundreds of millions of dollars in United States property.

Washington has supported Mr Marcos for two decades, even though he has been a ruthless autocrat presiding over a political and second system that enabled his cronies to grow rich by corruption. Of the ASEAN countries, its economic performance has been by far the weakest.

The assassination of the opposition leader Mr Benigno Aquino in 1983, and the President's failure to repair the consequent damage to public confidence in his administration proved too much for the Americans. In recent months they have delivered firm warnings on the need for political, economic and military reforms.

Incidents in the presidential election campaign could be a measure of President Marcos's growing desperation. Grenades tossed into a rally held by his chief political opponent, Mrs Aquino, have--rightly or wrongly--swivelled eyes in the direction of his regime. So has the murder and mutilation of a local chairman of the opposition campaign.

Mrs Aquino has charisma, but her political proposals for the Philippines, should she be elected on Friday week, remain a bit vague. Even so, Filipino frustration with the Marcos record could make any or no policy seem better than the odorous political tactics it would supplant.

Mr Marcos has accused Mrs Aquino of being a tool of the communist-led New People's Army, now numbering about 15,000 guerrillas. But she said recently that if they refused to lay down their arms when she became president, she would fight them with every means at her disposal. Such a declaration must reassure Washington.

Perhaps even more comforting has been her pronouncement on the agreement by which the United States mainatins its two military bases in the Philippines. She says it will be respected until it expires in 1991, and that, while the United States will be asked to leave as long as she is assured that no other power will intervene, "much can change" in the five years until then.

Just how much will change largely depends on Washington's ability to recognise that anything to the left of right does not necessarily represent a communist threat.

Marcos Role May Have Become 'Unsustainable'

HK051446 Wellington THE EVENING POST in English 29 Jan 86 p 6

[Editorial: "The Marcos Mana Is Under Wide Attack"]

[Text] Whatever the actual result of the Philippines' election due to be held on February 7, it seems that President Marcos's long rule over these strategically placed islands is coming to an end.

United States congressman Stephen Solarz, fresh from his attacks on the New Zealand Government's [word indistinct] and foreign policy, has now joined the ranks of Marcos's foes.

A first-class politician who has taken the unusual decision to try and make his name in the foreign affairs field, Mr Solarz has attacked the Marcos family's integrity by claiming persuasive evidence that they own at least $US350 million worth of New York real estate.

These charges are just the latest in a long series of attacks which have gravely affected the embattled President's mana. Determined investigators managint to overcome the discretionary tactics of the U.S. Army archivists have discovered that there is no basis for Marcos's claims to have been a doughty guerrilla leader during the Japanese occupation of the Philippines. An opposition newspaper that questioned that war record in 1982 was closed down by the Government although subversion charges against them were later dropped. Now it is the NEW YORK TIMES that has reported on the notable lack of historical backing for Marcos's claims. This is a paper that cannot be ignored or closed down when its findings are unpalatable.

President Marcos's rule has long been threatened by a communist insurgency that has its roots, deep in the appalling inequities of Filipino society.

This communist threat takes on a larger shape for the West because of the United States' military bases inthe country. There has been criticism for years that the United States, provider of so much aid to the Philippines, has overlooked allegations that these moneys are being diverted to private accounts. Thus, in spite of economic assistance coming into the country a poverty stricken segment of the population has had nowhere but the communist insurgents to turn to for hope.

But in the free world, no matter what is at stake, there is an inevitable time limit on the toleration of exploitive regimes. It is this worldwide distaste for President Marcos that is probably more dangerous to him than his election opponent, Corazon Aquino, whose husband was murdered in such strange circumstances on his return to the Philippines from exile in America.

Even though recent history showed in Iran after the fall of the Shah, and may yet show in South Africa, that one repressive system is likely to be replaced by something very much more bloody, Marcos's rule may have become unsustainable.

Opposition MPs have described Mrs Aquino as "the woman Moses who will lead us to the Promised Land." New Zealanders, so geographically close to the Philippines, and so helpless in strategic terms to influence events there, may not be as sanguine as Mrs Aquino's supporters.

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CSO: 4200/676

POLITICAL PARTIES LAY GENERAL ELECTION PLANS

HK050915 Auckland THE NEW ZEALAND HERALD in English 28 Jan 85 p 4

[Text] Planning for the next general election will kick off this week when the two major parties hold their first executive meetings of the year.

The ruling Labour Party executive meets on Friday to set a timetable for selecting candidates for an election which could be held at any time up to September 19 next year.

The Labour Party policy council will meet on Friday evening.

The National Party executive will meet tomorrow for a meeting which will be dominated by the continuing problem of the former minister of broadcasting, Dr Ian Shearer.

Last year, Dr Shearer was suspended from the party after raising questions at the party conference in July over the state of the party finances, loans to MPs and others, losses on the party headquarters building, and the reappointment of the party's general director, Mr Barrie Leay.

But his suspension was later lifted after legal advice, and at its last meeting in December the executive postponed a decision on whether to expel Dr Shearer until he had had a further chance to explain his actions in person.

But yesterday Dr Shearer indicated that it was unlikely that he would attend the executive meeting tomorrow.

He said he had drafted a letter to the party president, Mrs Sue Wood, explaining why had had raised the issues he had, and it would be posted as soon as his lawyer had sorted out certain "legal matters."

These included whether Mrs Wood would chair the meeting or hand it over to someone who was not "personally involved" in the wrangle, whether Dr Shearer and his lawyer would be able to question the executive, and whether the party would pay for their airfares to Wellington.

"If we have no assurances, most importantly on who will be in the chair and whether we will have an opportunity to question Mrs Wood and Mr Leay, and various other matters, then there would be serious doubt as to whether a fair hearing is likely," Mr Shearer said.

Mrs Wood declined to comment on any of these matters, which she said had been the subject of "protracted correspondence" with Dr Shearer.

But she said the top priority for the party at its meeting tomorrow and for the rest of the year would be selecting candidates to be ready for an election whenever it might be.

Under National Party rules, an electorate must sign up 2,500 members before it can select a candidate.

So far four electorates have done so, all with sitting National MPs. Marlborough will hold its selection meeting in mid-February, and Taranaki, Fendalton and Ashburton will follow by March.

The party hopes to select candidates in a further 20-odd marginal seats by July, and to have candidates in all remaining seats by the end of the year.

The chairman of the Auckland division of the party, Dr Ross H. Armstrong, said the five Auckland marginal seats of Pakuranga, West Auckland, East Coast Bays, Glenfield and Eden would have candidates by May or June.

The leader of the New Zealand Party, Mr John Galvin, said his party had a target of selecting candidates in 35 key seats by the end of May, and all the rest by the end of the year.

So far the only candidates selected are Mr Earle Thompson in Rodney and Mr Galvin himself in Matamata, where the sitting National MP, Mr Jack Luxton, may be retiring.

Mr Galvin, a dairy farmer, has hired a farm worker at party expense to free himself for fulltime political work from next week. He plans to spend at least three days a week canvassing in Matamata.

A full-time party headquarters is also expected to be reopened in Wellington in the first half of this year for the first time since the resignation of the former party leader, Mr Bob Jones.

Meanwhile, the leader of the Democratic Party, Mr Bruce Beetham, was canvassing at the weekend in the Hutt Valley.

The Democrats have already selected just over 10 candidates, and will hold their first council meeting of the year in Wellington on February 15-16.

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CSO: 4200/676

OPPOSITION ON GOVERNMENT'S 'KAMIKAZE' APPROACH TO ECONOMY

HK051440 Wellington THE EVENING POST in English 29 Jan 86 p 5

[Text] Time was running out for the Government and its "kamikaze" approach to the economy, the leader of the Opposition, Mr McLag, said yesterday.

Delivering a "state of the nation speech," he said this year the Government would learn that it could not survive on "political rhetoric" alone.

When it came to the crunch, the public wanted performance.

But Labour continued to blame its problems--from interest rates to air traffic control systems--on National.

"I am left to wonder at what stage of its administration the Labour Government is going to start taking responsibility for management of the country," he said.

With the prime minister, Mr Lange, saying 1986 was going to be worse economically than last year, the Government no longer deserved to hold the reins of power, he told the Mt Albert Rotary Club.

It had broken its word many times--on national superannuation, prescription charges, the milk subsidy and ANZUS.

"It has caused severe damage to the economy which may make recovery a very long-term exercise.

"It is masquerading as a government that supports an open and competitive economy when, in reality, state activity is expanding at an unprecedented rate."

Mr McLay listed three major problems that had to be dealt with by the Government:

Growth of the public sector.

The national award wage-fixing system and other problems with wage fixing.

The rapid decline of agriculture.

He said the increase in the size of government was reflected not just in a doubling of the number of means and income-tested social welfare beneficiaries, but also in the expanded role of government agencies and corporations.

"So far, the Labour Government has created three new departments and is in the process of creating others."

Since taking office, it had authorised the hiring of an extra 3,500 public servants.

He said National would reform wage-bargaining procedures to provide more flexibility, expecially through enterprise or industry awards.

He attacked the Government's Green Paper on industrial relations for "not even addressing the possibility of voluntary unionism."

Mr McLay said the Government was happy to hand out $5 billion in social welfare payments, but it could not find one-third of 1 percent of that to boost the much-needed work of the police.

The 40-hour working week was, said Mr McLay, no longer sufficient to meet the needs of some families.

With introduction of goods and services tax and family support in October, the Government would recycle money through the social welfare and taxation systems to help peo0le who could not afford to pay their taxes.

Mr McLay said not one New Zealander voted for a Labour Government that was going to end the ANZUS alliance. Yet, clearly, that was now on the cards.

The Government's responsibility for national safety was absolute, he said. National would restore New Zealand to full and active membership of ANZUS.

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CSO: 4200/676

LANGE INTERVIEWED ON ASIAN, NUCLEAR ISSUES

HK030644 Hong Kong SOUTH CHINA MORNING POST (SUNDAY SPECTRUM supplement) in English 2 Feb 86 p 6

[Interview with New Zealand Prime Minister David Lange by Kevin Sinclair: "Lange Takes on the Big Guns"]

[Excerpts] Ask any New Zealander to use one word to sum up their popular Prime Minister, David Lange.

The adjectives are interesting:... honest, strong, correct, articulate, intelligent. These expressions of approval from his electorate would bring delight to any politician.

To me, if you had to use one word alone to describe David Russel Lange, 43, that would have to be "decent."

Of course, as in any democracy, there are the dissenting voices. "Bloody Fool," grunted one disenchanted voter to whom I put the question.

But vastly in the majority are those who respect and admire the young politician chosen, to the astonishment of many and somewhat to the surprise of David Lange himself, to lead the country.

As prime minister of a new Labor government elected in a stunning landslide in July 1984, David Lange was duty-bound and personally enthusiastic in making law party policies which banned the use of his nation's harbours to warships which were either powered or carrying nuclear weapons.

This put the country on a collision course with its mighty partner and longtime ally in the ANZUS defence pact, the United States. Some Washington politicians acted with outraged indignation when David Lange and the country he led stuck to their anti-nuclear guns. But they should not have been surprised; Lange in many ways reflects the quiet determination--stubbornness, perhaps?--that is so much a part of the national character.

He remains adamant today, despite "a menu of reprisals" threatened by America, that he will not budge. He says it quietly. But trying to move the prime minister and the people he represents on the question of the nuclear ban will be rather akin to attempting to throw Mount Cook into the Tasman Sea. No way!

The disgraceful invasion of their country by a team of clumsy French cloak-and-dagger killers intent on stopping anti-nuclear campaigners swung behind David Lange almost all the population which was not already in complete agreement with him.

"New Zealanders were outraged by the Rainbow Warrior affair," says David Lange today. Sprawled in a chair behind his desk in the Beehive complex in which New Zealand's Government is headquartered, David Lange is relaxed. He is a man of generous proportions, physically rumpled and ruffled with pink shirt undone and tie askew.

The Rainbow Warrior affair was so abhorrent to New Zealanders that the Lange government was forced to try to restrain outraged public opinion.

"They were swept up in their revulsion of the act," the prime minister explains. But there was no corresponding revulsion shown in Europe. And the consensus there was that the French had done something pretty silly to get caught like that and it was pretty plain to me that if we had not acted to cool the issue then France may have been able to trample on our interests in Europe."

Paris could have struck at the delicate question of New Zealand imports into the Common Market. Similarly, the United States could have taken economic steps to prod New Zealand towards political compliance. Such steps would not have achieved their aims, David Lange stresses.

The crux of the nuclear position so ardently embraced by a majority of Kiwis--the young, the old, students, labour, women's groups, people from the entire political spectrum--is not really a purely New Zealand issue.

The question is a more basic one; if New Zealand is allowed to get away with snubbing American might, could not other allies of the United States, notably Japan and Western Europe follow suit?

Put it to him straight... is he absolutely adamant that his government, come what may, is not going to change the policy that has brought it into confrontation with its most powerful protector?

David Lange leans forward across his desk. "No," he says softly. "We are not going to change our policy."

There are pragmatic as well as political reasons. It would be pretty stupid to change, he says.

"We'd be dog's tucker if we did," he says, using an old New Zealand saying about throwing out waste food for the farm dog. That is what would happen if Labor politicians backed down.

Despite his solid stand on anti-nuclear policy, David Lange is under no illusions about the growing Soviet fleet in the Pacific.

New Zealand's tiny navy has been alerted to watch for Russian ships. So have Air New Zealand planes and merchant ships.

"There have been Soviet quote research quote vessels seen off the Chatham Islands last year," he says. "What you can say about that is that it was manifestly not an armed vessle, but you'd have to be completely naive to believe they were looking for sprats.

"But the only really aggressive action taken in New Zealand waters since I was born was by a Zodiac dinghy run by the French."

But other issues are also occupying the time of the New Zealand leader, including the relationship with his Asian neighbours.

Question: New Zealand's relations with China have improved greatly in recent years. How do you see them developing in the future?

Answer: Our relationship with China has only really "taken off" since the end of 1972 when the third Labor government recognised the country and established diplomatic representation. Trade increased approximately 100 fold in the first 11 years and the recent goal to quadruple trade by the year 2000 certainly looks capable of fulfillment. The relationship has gone beyond the trade and business context. There is a tourist path to China well trodden by New Zealanders and exchanges of scientific, cultural and youth groups are becoming more frequent. I see that pattern continuing. There will be an expansion of trade interests with the development of joint ventures both within China and New Zealand and by the end of the century it is possible to conceive of, with the growth in the Chinese economy, a tourist presence by Chinese workers in New Zealand.

Question: Your country has traditionally prided itself on its harmonious race relations. But in recent years, tension and stress appear to have arisen between the Maori and Pakeha communities. Why? What is being done to bring together the various races in New Zealand together?

Answer: Comparatively speaking there is a harmonious race relations structure within New Zealand. It is correct that in recent years there have been some tension emerging and certain issues have become sometimes self-fueling symbols of continuing stresses in the relationship between the Maori and the Pakeha communities.

New Zealand can pride itself on handling a resurgence in some Maori identity, despite its potential for strain, better than most countries could have. There is a huge development of Maori awareness, a striving to preserve and expand the use of the language and a new awareness of the economic power of Maori land and trust interest. There is still a considerable shortfall in achievement in all levels of education, management and government. There is an over representation of non-Europeans in our penal institutions.

It is the primary role of government to see that no sector is disadvantaged and this will mean in the case of some that they will receive some preferment (usually called affirmative action). As a precaution against some of the worst excesses of racism there is legislation outlawing racism manifesting itself in job, housing or social endeavours.

Fundamentally, however, the question of goodwill rather than the law, and to some extent the office of race relations, is considerably useful in helping various ethnic groups to understand each other. There is a considerable influx of people from Indo-China. This is not a new development. Chinese migration to New Zealand is almost as old as general European migration.

There is a community of interest and resources which have been put to good use by those refugees who have rapidly adjusted and become proficient at the New Zealand life style while retaining their own traditions, culture and language.

Question: In recent years New Zealand has developed close ties with Asia. How do you see New Zealand developing--politically and in trade--as an increasingly important part of the Asian community. (I am particularly interested in trade, educational exchanges and aid; every time I go to China I bump into New Zealanders such as doctors or students sharing knowledge in diverse fields. How can New Zealand help China, develop her sheep industry, for example?

Answer: New Zealand has tried to see itself as part of the Pacific which has a strong Asian aspect and New Zealanders have been very resourceful (particularly the young) in exploring our Asian neighbourhood and have been remarkably good at sharing their expertise in technological or agricultural developments in those countries.

We have embarked upon technology sharing by consultancy contracts and in China are engaged in commercial consultative work in the area of grasslands management, herd diversification and breeding programmes. We have arranged for stud rams and sheep to be exported to China where on-breeding will continue.

Question: New Zealand has taken many Vietnamese boatpeople, a lot of whom came from camps in Hong Kong. How are they settling into the New Zealand community? Have they made a positive contribution to the life of the country? As conflict continues in Indochina, do you foresee your country accepting more refugees?

Answer: They have made a positive contribution to the life of the country in that they are a further infusion of entrepreneurial vigor and incurable optimism which is a passive rebuke to those New Zealanders who somehow think the world owes them a living. We will be taking more refugees and in proportion to our population our effort in welcoming Indo-China refugees is certainly at the top of the list.

Question: How would you describe New Zealand's relations with ASEAN? Would you like to see closer ties, a more formal link between Wellington and the nations of Southeast Asia? If so, how could this relationship be structured? What is New Zealand doing to bring pressure to bear on Hanoi to encourage Vietnam to end its invasion and occupation of Cambodia and to prevent the extinction of the Khmer nation?

Answer: We try to nurture a good relationship with ASEAN and with some of its countries have a very particular and close relationship. The group of high commissioners and ambassadors representing ASEAN countries in Wellington is foten consulted by government and we strive to remain briefed on ASEAN aspiration and strategy.

We do not however see a formal structure to that relationship and we tend to deal with it by way of informal consultation leaving it to the post ASEAN meeting dialogue to allow for the formal consultations. I have to be in the Philippines this year for that dialogue.

We have taken a view on Vietnam which is consistent with the ASEAN position (and in that respect it has been slightly different from Australia) that while powerless to deter Vietnam we abhor their continuing occupation of Cambodia.

Question: As a major power in the South Pacific, how do you see New Zealand's role as a leader of the Pacific community of nations? What aid programmes, trade policies, educational links, do you see between Wellington and the small island nations?

Answer: New Zealand is well placed as a smaller nation to have good relationships with the even smaller nations of the Pacific and in particular the small island states. For many of those countries New Zealand is the place where their families have the second residence and where their sons and daughters went to school, later to emerge as leaders of the newly independent nations.

Our association with such countries has traditionally been in the area of education, medical assistance, preferential trade access arrangements and, by in large, that is the general line of the future relationship. There is a special role for New Zealand in natural disaster relief and our armed forces have a particular function which is unhappily called on year after year as a result of hurricane and cyclonic disturbances.

Question: The spectacular growth of the Soviet Pacific fleet is a cause of grave concern to many people and leaders in Asia. Do you feel Soviet seapower poses a threat to the peace and stability of your region? What are your views about the potential dangers of the growth of a new military presence in the area?

Answer: We do not welcome the acceleration of any super-power presence in our area. The growth of the Soviet Pacific fleet is to be deplored. When however, you consider where it is and where we are we do not view its growth with the same sense of despondent urgency as those who are nearest to it would. This does not arise from any sense of complacency but simply from the fact that Italy is closer to Camranh Bay than New Zealand is.

Question: Are you absolutely admant that you will stick to your non-nuclear shipping policy? What do you feel about the strong American reaction? Do you feel the threats of trade and diplomatic retribution smack of blackmail by a super-power against a small and friendly ally which is merely sticking to its principles? do you think other Pacific nations will follow your example and ban absolutely nuclear vessels?

Answer: Yes, we are not going to have nuclear weapons in New Zealand. We are aware of the strong American reaction and we also know that the United States can be relied upon to honour its word that it will not use trade sanctions as an instrument to achieve a foreign policy change by New Zealand and that, were that to happen it would be seen as an oppressive act by a super-power against a small and friendly ally persuing a democratically endorsed mandate for a policy stance.

The United States has been cautious of that and has limited its retaliations to the area of intelligence and defence cooperation and we are now engaged in a further consultation with the United States over a potential solution to this problem consistent with the determination of this government not to have nuclear weapons in New Zealand. Insofar as other nations are concerned each will view its future in the light of its defence strategy. Some might, some might not, it is a decision for each. For New Zealand it is a limited measure of arms control which is consistent with our security.

Question: With nuclear testing at Muraroa and the deteriorating situation in New Caledonia, French activities in the Pacific appear to be causes of friction and fighting. What action does New Zealand intend to take to persuade Paris to cease exploding bombs on the other side of the world? Why does Paris stick with such stubborn intransigence to a policy which brings it nothing but ill-will? As the leading Polynesian power, how does New Zealand see its responsibility in seeking a peaceful solution in Noumea?

Answer: The whole question of French activities in the Pacific has become very much more a question of domestic political concern in France than the pursuit of carefully calculated goals within the Pacific region. There is of course little that New Zealand can do to persuade France to stop exploding bombs in our part of the world. Our opposition to that is painted as some Anglo-Saxon intransigence which is evidence of the rightness of the French position and the perfidiousness of the New Zealand position.

There is a very particular concern however about the French interests in the Pacific and that is the problem of independence for New Caledonia. It is perfectly obvious that the march of history will dictate that there be an independent New Caldonia. France has taken some commendable and quite radical steps to bring that about but is now caught up in the internal politics of those issues and there is some pessimism that the devolution will proceed at the pace originally protended.

New Zealand can be of some assistance but insofar as influence needs to be directed to the French Government we are currently not on first name terms.

Question: With 1997 looming ever larger on Hong Kong's political horizons, the vision of New Zealand as a haven of safety is increasingly attractive to our people. Could you outline your immigration policies and the likelihood of sizeable numbers of Hong Kong people finding sanctuary in your country.

Answer: New Zealand's immigration policy has been under review. It is almost certain that we will abandon the traditional migrant source country criterion when considering applications to migrate to New Zealand. This was a useful criterion but it has now outlived its usefulness and can be seen to have some unfortunate race connotations simply because our traditional migrant sources were all European.

We are going to come up with an immigration policy which will suit New Zealand's interests, be protective of our workforce but also allow for the coming to New Zealand of people with particular skills irrespective of where they have acquired them or were they have been residing. And we are going to pursue our entrepreneurial policy so that we will attract people to live in New Zealand who have a history of capital acquisition and the ability to create employment or economic growth.

Insofar as Hong Kong's success rested upon people who had entreprenuerial flair and a great deal of drive it is possible that those people, as I have said in Hong Kong, would find a place in New Zealand for their drive. It is not a view of the New Zealand Government that New Zealand should be a "sanctuary" or "a haven of safety." They would come to New Zealand because they had something to offer New Zealand.

Question: Hong Kong investment in New Zealand is already sizeable and is certain to increase. What are your thoughts about economic relations between Hong Kong and New Zealand?

Answer: We ought to have a greater degree of economic relationship between New Zealand and Hong Kong and I am grateful that the money movers in Hong Kong have seen fit to have such confidence in New Zealand. It will increase.

Question: New Zealand has a considerable aid programme. Can you outline present and future programmes which will include Asia?

Answer: Our aid programme will be centered largely on the Pacific. It has been in the past and it will continue to be in the future. Our aid programme for consultancy and government sponsored or overseas government contracted consultancies will however be extensive and developing in Asia itself.

Question: Comprehensive cultural and educational exchanges between New Zealand and Asian countries, particularly China, have been a welcome trend in recent years. What does the future hold in these fields?

Answer: We have had the New Zealand Ballet Company in China. No doubt there will be a great growth in cultural, sporting and educational exchanges. Being somewhat of a low brow I hope to have the Shanghai acrobatic troupe come to New Zealand before the Sing Co-Opera troupe comes again. I have seen them both and I remember with some nostalgia the acrobats.

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CSO: 4200/650

DOUGLAS ON MOVES TO REFINANCE FOREIGN DEBT

HK051512 Wellington THE EVENING POST in English 30 Jan 86 p 21

[Text] The government's restructuring of its overseas debt would eventually save many millions of dollars, the minister of finance, Mr Douglas, said today.

Mr Douglas yesterday announced moves to refinance existing overseas debt at lower interest rates or with an improved spread of currency risks.

"This reflects the Government's commitment to a very active programme of debt management aimed at reducing the debt serving costs burden which New Zealand incurred under the previous government," he said in a statement today.

Over the past year the government had reviewed the structure of the debt incurred by the previous government and found that large savings could be made in long-term costs.

"We then undertook an on-going programme to adjust the mix of currencies, and where possible achieve longer maturities, to diversify the overall balance of existing debt."

Mr Douglas said actions already undertaken in the programme included:

A 100 million pound floating rate issue last July which would save about $700,000 a year through a lower interest rate than the debt being replaced.

A $US200 million issue offered in New York in November with a 20 year maturity, the longest sought by New Zealand for some years in any currency except sterling, to refinance debt in other currencies.

A fixed-rate 25-year issue announced earlier this month of $US150 million in the domestic U.S. market at 9.875 percent, the first time since 1979 a note of that kind had been issued with a coupon below 10 percent.

Yesterday's announcement of a further programme of U.S. dollar borrowing with U.S. interest rates at their lowest point for a number of years.

Mr Douglas said it was not possible at this stage to say exactly what the savings would be.

"But they are massive. The programme is worth many millions of dollars to the New Zealand taxpayer for a long time to come."

Since July 1984, the Government had borrowed $6.1 billion overseas and made repayments of $4.8 billion, leaving a net increase of $1.3 billion in Government overseas borrowing.

As a result of the float of the dollar, the Government now had no requirement to borrow overseas except to refinance maturing debt or where it chose to increase overseas reserves, Mr Douglas said.

Any money borrowed over and above refinancing needs went into reserves, which now stood at about $3 billion, compared with $1.46 billion at the time of the election.

"We are now able to obtain significantly better deals on behalf of New Zealand than we could have under the previous government's policies," Mr Douglas said.

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CSO: 4200/676

GOVERNMENT TO REVIEW TRAINING PROGRAMS FOR OFFICERS

HK051434 Wellington THE EVENING POST in English 29 Jan 86 p 3

[Text] The Government will not abandon expensive training courses for Army officers, but is carefully reviewing these programmes, Defence Minister Frank O'Flynn said today.

He was responding to an Opposition claim yesterday that any refusal to allow senior New Zealand officers to attend overseas courses could lessen the quality of the nation's military leadership.

That claim referred to Mr O'Flynn's denial last year of an application for an Army colonel to attend a Canadian course--a decision overturned by Prime Minister David Lange on foreign policy grounds.

The POST asked Mr O'Flynn to comment on Opposition defence spokesman Doug Kidd's claims that he should have known the detail of overseas training trips at the time parliamentary estimates were prepared, and that failing to give top officers quality, expensive training would lead to "an African sergeant major-led Army in no time."

He replied: "There is no question of abandoning quality, expensive training for Army officers. The form that training should take, the level of it, and consequently the numbers involved are now being carefully reviewed. Training is not necessarily good because it is expensive."

Mr O'Flynn was also asked for comment on Opposition leader Jim McLay's claim that the issue of sending an officer to Canada was "indicative of just how difficult it is to get decisions out of that minister."

He replied: "There is no difficulty getting decisions out of me. Some are given the same day as I am asked, like approval to purchase the Timaru Harbour Board tug. Even the Canadian posting proposal was dealt with promptly by me.

"It was received about July 26; I deferred dealing with it until I had been to Burnham on July 30. I then awaited some information from the department and, in the end, I gave a negative decision on August 8--13 days after I received the application. "Some issues require much more analysis. Defence Review questions are a case in point, where decisions may be difficult."

Meanwhile, Mr O'Flynn said he would not release the text of a letter to him from the Chief of Defence Staff Air Marshal Sir Ewan Jamieson, which he referred to in his 12-page statement this week as confirming that actions within the Defence Ministry in connection with the Canada application had placed the minister in a "deplorable position."

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CSO: 4200/676

BRIEFS

SOUTH PACIFIC NUCLEAR-FREE ZONE CONSULTATIONS--A mission of Pacific countries, including New Zealand, is to take the South Pacific Forum's nuclear-free-zone treaty to five of the world's major nuclear powers. Foreign Affairs Deputy Secretary (Ces Beeley) says /begin recording/: We are not going to negotiate with them; we're going to listen to their questions and comments, and then what we have to do is report back to the South Pacific Forum, meeting again in August this year, as to whether or not any changes should be made, not to the treaty, which has been finalized, but to the protocols. And then I would expect /words indistinct/. /end recording/ (Ces Beeley) said the mission is to travel to China in 2 weeks and then go to Moscow, Paris, London, and Washington. /Text/ /Wellington Overseas Service in English 2300 GMT 13 Jan 86 HK/ 12228

CSO: 5200/4310

BAYAN OFFICIAL WARNS OF POST-ELECTION REPRESSION

HK070709 Davao City THE MINDANAO DAILY MIRROR in English 19 Jan 86 pp 1, 7

[Text] The militant Bagong Alyansang Makabayan [New People's Alliance] (Bayan) which is boycotting the Feb 7 snap polls warned today that the rising salvaging and disappearances of city residents could be a prelude to a wider repression after the election.

Bayan-Mindanao Deputy Secretary-General Peter Lavina said the renewed violence in the city is a terror tactic of the regime and could escalate after the snap election.

He said the pattern of salvaging and kidnapping in the city, as well as in the whole country, is tied to the election.

Lavina said a crackdown after the polls is expected by both militant and moderate opposition as the US-backed Marcos regime unleash fascist repression, regardless whether Marcos will win or not.

He said the sham snap election was called by the US-Marcos dictatorship to perpetuate its rule, mount more violent assaults on the people and guarantee for US imperialism the continued use of the military bases in the country.

He said the flaunting of Marcos of the "red scare" is already laying the basis for him to attack his opponents after Feb 7.

Six persons picked up in various parts of the city last week remained missing as of yesterday while the body on one, Orando Obregon, 21, of SIR [expansion unknown] Matina, was found riddled with bullets at Ecoland.

Two more salvaging cases were also reported over the weekend.

In Mandug, residents complaining of terrorism by government paramilitary forces has started to evacuate including Muslim religious leaders.

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CSO: 4200/671

SURVEY ANALYSIS REVEALS PESSIMISM IF MARCOS REELECTED

HK300206 Quezon City VERITAS in English 21-27 Jan 86 p 14

[Text] An analysis of one of the findings of the Philippine Social Science Council survey in September, reported in the WE FORUM issue of 17-23 [as published], made a connection between the likelihood of President Marcos being reelected and the economic situation worsening.

Of the 8,163 survey respondents 65.7 percent said a Marcos reelection was the most likely event to happen, with the people realizing only too well perhaps his vast resources and advantages over his opponents."

Interestingly, the survey also found that only 17 percent wanted Marcos to run again for the presidency, "although as many as 37 to 39 percent/may have little option but to vote for him/ [passage within slantlines published in boldface] in the face of a still non-unified opposition."

The survey presented to its respondents scenarious likely to occur: Higher prices, Marcos reelection, military takeover, civil war, communist takeover, U.S. foreign domination.

It said 79.7 percent anticipated higher prices, followed by 65.7 percent predicting a Marcos reelection.

The analysis said: "Compared to the worsening of the economy and a Marcos reelection (the figure) shows fewer respondents who say that a military takeover, a civil war, a communist takeover, and an intensified U.S./foreign power domination over the Philippines are likely possibilities/probabilities in the near future.

"The total who see these events as likely or probable occurrences range from the lowest 17.9 percent for a communist takeover to a higher 34.2 percent for a military takeover.

"It will be noted, however, that for these latter events, the 'don't know' and 'no answer' replies--which possibly express real uncertainty--increase markedly to 37.1 percent to 46 percent, suggesting that the respondents do not view the anticipated deterioration in the economy and the reelection of Marcos as necessarily inconsistent with the occurrence of either a military takeover, a civil war, a communist takeover or intensified U.S. domination over the Philippines."

Here is the clincher: "Moreover, since the majority" (79.7 percent and 65.7 percent, respectively) view both the deterioration of the economy and a Marcos reelection as likely occurrences in the near term, some may in fact see these as going together, implying further the view that a Marcos reelection may not provide a solution to the country's economic problems."

By regions, the survey showed that Metro Manila and Southern Tagalog tended to be most pessimistic (87.4 percent and 86.6 percent, respectively), followed by Bicol (82.5), Southern Mindanao (81.2), Eastern Visayas (82.2), Central Luzon (79.5), and Western Visayas (78.7).

With regards a Marcos reelection, the regional breakdown showed Ilocos with the highest (83.7), followed by Metro Manila (75.2). "In all other regions," the survey said, "at least 50 percent see his reelection as a likely or probably event."

"In the case of a Marcos reelection," the survey analysis said, "the summary figures indicate that, of those thinking that a Marcos reelection is likely, fewer than half or 47.8 percent would welcome the event. On the other hand, of those saying that a military takeover, a civil war or a communist takeover are likely events, most respondents find these to be worrisome.

"Close to two-thirds (or 62.7 percent), for instance, fear the prospect of a civil war; slightly over half or 55.8 percent are worried about a communist takeover; and close to half or 48.3 percent are anxious about a military takeover.

The survey's analysis also made a point of the "substantial incidence of 'don't know' replies and refusals to answer."

It said the replies may constitute "methodological artifacts" but "may also be indicative of the heightened security consciousness among the population and/or high level of uncertainty but which, in any case, do not enable us to get at people's real views and opinions."

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CSO: 4200/670

DAVAO COLUMNIST ON COMMUNISTS' PREFERENCE FOR MARCOS

HK061210 Davao City SAN PEDRO EXPRESS in English 18 Jan 86 p 4

["Commentary" column by Bert Tesorero: "CPP Predicts Marcos Win"]

[Text] The Communist Party of the Philippines (CPP) through its news organ, ANG BAYAN, criticized the opposition for allegedly "flip-flopping" on the questions affecting the U.S. military bases in the Philippines and how to deal with the insurgency problem besetting the country today. I hastened to add that the victory of President Marcos over Cory Aquino on February 7 is almost certain, but warned against fraud and violence in the coming election.

Superficially, it would appear as if the Communist Party is an uninvolved partisan outfit viewing the electoral game being contested from outside the fence, watching the two conflicting political factions battle it out for the presidency, while at the same time taking potshots at the fumbling protagonists whosoever it deems fit to castigate. But for how long can the communists obscure their cloak-and-dagger participation in the current electoral campaign, even to say that they are neutral in this historic political exercise in the country?

For how, in heaven's name, has the Communist Party come to foretell the certainty of the president's victory over Cory Aquino in the polls when no less than President Marcos himself had accused the communists of actively campaigning for the lady opposition candidate? Is the Communist Party now losing its credibility? Or, is it possible that the communists had shifted their support to President Marcos, as to postulate a Marcos win in the forthcoming polls?

Of course, there is a possibility that the communists had opted to give their full support to the KBL to see a Marcos victory in the February 7 elections. But not without reason.

Cory Aquino had vowed to give amnesty to the NPA rebels, if she wins the election, a feat that could cause a big crack on the Communist Party stronghold if fully realized. However, Cory Aquino warned that she will utilize maximum force of the government to fight the communists and those others who persist in dismantling the democracy of the country by means of arms and violence, if given the chance to serve from the highest post of the land.

It must have been in this aspect that the Communist Party of the Philippines suddenly suffered a change of heart by junking Cory Aquino from its support and predict the victory of President Marcos in the polls. Obviously the Reds find Cory Aquino of no use if she never wins the presidency in the country.

The communists never had it so good as it were when massive adherence to the Communist Party from the people swelled to a frightening level under the Marcos administration. So, it is possible that the Reds have seen in President Marcos a valuable propaganda piece to gain more adherents from the masses, thus the victory of President Marcos could also be a great triumph for the Communist Party.

The military BAYAN [Country] organization which President Marcos grudgingly branded as communist front is now agitating on a boycott in the polls which, in effect, could run to the great advantage of President Marcos to cushion the avalanche of votes for Cory Aquino. This could be just one of the communist schemes in its silent participation in the year's presidential balloting to see Marcos win in the election.

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CSO: 4200/671

ECONOMIST SEES NO MAJOR CHANGES AFTER ELECTIONS

HK010716 Quezon City ANG PAHAYAGANG MALAYA in English 24 Jan 86 p 7

[Article by Maria Rosa Ocampo]

[Text] There will be no significant changes in the Philippine economy, which is seen to grow by one percent in 1986, even if Opposition Presidential bet Corazon Aquino beats President Marcos in the February snap polls, Center for Research and Communication Senior Vice President Bernardo Villegas told members of the Bank Administration Institute yesterday.

Villegas said the real difference between the Marcos-in-continuation scenario and the Aquino scenario will be in the level of investments pouring into the country as consumption and government expenditures will likely be down in both scenarios.

Even if Aquino gets elected, he said, there is going to be a "temporary dislocation, uncertainty and reorganization." The economy, however, could contract by one percent if the February elections are violent and accompanied by wholesale cheating.

Government spending would not be a source of economic activism since foreign creditors have set ceilings for budget deficit while consumption will remain low due to the decreasing household income, he explained.

It will take five years to return to the 1983 level of per capita income, Villegas predicted. Real per capita income has declined by 15 percent since 1983 and it has never increased by more than three percent yearly.

Moreover, Villegas said the "bonanza" arising from the P10-billion additional money from election spending will be short-lived, up to June 1986 at most. The second semester may collapse as it did in 1984 when the resulting sales euphoria from panic-buying in the first semester turned into a "crumbled" second semester.

He also forecast soft interest rates for the year with prime rates hovering from 16 percent to 19 percent for a select few prime clients while lending rates will be from 19 percent to 21 percent as there is no demand for loanable funds.

Inflation will be "manageable" at an average of 13 percent to 15 percent, Villegas said.

From the P19-$1 at the end of 1985, the exchange rate will go up to P22-$1 by end 1986.

In the midst of economic and political uncertainties, Villegas said the Philippines has safety valves that prevent it from becoming another Iran or Nicaragua.

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CSO: 4200/671

NDF DISCUSSES REASONS FOR POLL BOYCOTT

HK070724 Quezon City WE FORUM in English 28 Jan-3 Feb 86 p 7

["Commentary by NDF [National Democratic Front] on Labour Minister Blas Ople's Statement That a Boycott Amounts to a Vote for Marcos"]

[Text] The decision of the NDF to call for a boycott of the forthcoming snap elections takes into account two overriding considerations.

First, that the polls are a Reagan-Marcos gambit meant to strengthen and prolong dictatorial rule and give the ailing regime a respite from the groundswell of popular protest that has continued to push it against the wall.

Second, that the patently lopsided conditions under which the snap elections are being held are not conducive to the ventilation of the popular will.

We believe that elections sponsored by a dictatorial regime that holds practically all the aces constitute a mockery of the basic right of suffrage. Furthermore, the Marcos government fully intends to use its victory, replete with a preprogrammed large voter turnout, as an endorsement of its terrorist and openly corrupt reign. We have an appropriate Tagalog expression for this: "niluluto tayo sa sariling mantika [we are being cooked in our own grease]."

In other words, to boycott these polls is an act of militant repudiation of the U.S.-Marcos dictatorship. Far from being a vote for Marcos, it is an act of rejection that is aimed at preventing the restrengthening of a severely weakened regime. It is an active act that seeks to bring to the people the issues involved in these elections as well as the more basic problems which the polls precisely seek to sweep under the rug.

The people should not be misled by the deceptive utterances of Messrs Ople and Marcos. These two fascists are known experts at twisting facts and sowing intrigue.

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CSO: 4200/670

COLUMNIST ON POSSIBILITY OF U.S. BASES' TRANSFER

HK080307 Davao City MINDANAO TIMES in English 25 Jan-1 Feb 86 p 2

["Times Dialogue" Column by Jose I. Angliongto: "Palau as Alternative US Bases"]

[Text] The United States had entered into agreement with Palau, a U.S. trust territory, for possible alternative site of U.S. Pacific bases if U.S. eventually loses Subic Naval Base and Clark Air Base in the Philippines.

How will this affect the regional security of Asian states?

We still believe that with the present world situation, there is no substitute for the two U.S. bases in the Philippines except if the bases are transferred to Singapore. Palau is located about 1,000 miles further from Asia Mainland than Subic Bay, and almost three thousand miles away from the Indian Ocean and the Middle East. By moving the bases to Palau, the U.S. will lose its geostrategic advantage. The vacuum created could encourage the Russians to project its influence from Cam Ranh Bay to the whole Pacific region without challenge.

On top of this, the U.S. is going to lose the skilled cheap labor that is currently being supplied by the Philippines. The cost of operation will be definitely very much higher than the present bases in the Philippines.

Unless the U.S. has plans to abandon the Asian region and surrender to the Russian we still believe that U.S. will not give up the two bases without putting up a last try to keep them.

As long as Russia continues to keep its bases in Vietnam, the giving up of Subic Naval Base and Clark Air Base by the U.S. will definitely endanger the security of Asian states and create a very critical security scenario for Asian nations. In the end, U.S. will reap a king-size headache.

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PHILIPPINES

DAVAO EDITORIAL VIEWS ABUSES BY MARINES, ICHDF

HK061240 Davao City SAN PEDRO EXPRESS in English 16 Jan 86 p 4

[Editorial: "The Mandug Incident"]

[Text] More than two hundred residents of Mandug trooped in a mass protest to the City Hall to denounce what they described as Marines'abuses and ICHDF [Integrated Civilian Home Defence Force] brutalities supposedly committed on the people living in that area. To drive home their point, they listed down the names of at least six civilians brutally killed either by Marines or ICHDF elements in the course of military "zoning" operations in Mandug which started on January 5, this year.

The charges against the Marine Corps and the ICHDF in Mandug are serious. Lives had been lost allegedly due to the abuses of these military and paramilitary outfits assigned in Mandug. What do our government authorities intend to do about this heinous irregularity.

The Philippine Marine Corps is known to be one of the best military outfit in the Armed Forces of the Philippines, its members highly disciplined and beyond reproach in the discharge of their duties. But the sudden storm of mass denunciations coming from the residents of Mandug on Marines and ICHDF abuses had somewhat marred the image of this elite military troops.

In justice to the 3rd Marine Brigade Command headed by Col Edgardo Espinosa in Davao, however, we would venture to say that there is need to examine the complaints of the Mandug people closely if to arrive at a justifiable conclusion concerning the impending strife.

There is war going on between the military and the insurgents, and normally as it is some innocent lives will be lost in the crossfire. The Marines are charged with the duty of enforcing the law against the rebels and similarly in the course thereof, some of them get killed in the battle.

If there are "zoning" operations going on in areas where government soldiers were killed by subversives, it is not on a mission for reprisal but a legitimate effort to flush out the rebels from their hidden lairs on some houses of the residents.

But brutalities and other abuses committed by the Marines and their ICHDF auxiliaries in the course of their mission in fighting the insurgents should not be countenanced. The erring soldiers and their para-military counterparts should be brought to justice.

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CSO: 4200/671

MANILA TO ASK FOR RESCHEDULING OF FOREIGN DEBTS

HK310130 Manila PHILIPPINES DAILY EXPRESS in English 30 Jan 86 p 12

[Article by George T. Nervez]

[Text] Central Bank [CB] Governor Jose B. Fernandez Jr. yesterday said the country would ask foreign creditors to reschedule debts due between 1987 to 1990 when talks resume middle of this year.

The CB head did not say how much of the country's $25-billion foreign debt are involved in the new round of rescheduling talks.

The initial rescheduling scheme covers debts amounting to $5.8 billion due between October 1983 to December 1986, which were rolled for 10 years with five years grace period.

Thus far, $2.9 billion of the debts have been restructured, with remaining $1.3 billion owed by the private sector awaiting restructuring.

He added that the monetary board would shortly approve a circular covering the restructuring of private financial sector debt.

The CB had told a luncheon meeting to top financial executives that financial reforms were being considered by monetary authorities to boost the country's economic recovery program starting this year.

The reforms, he said, are geared toward agriculture which is expected to spearhead the economic recovery.

He said the reforms involve the promotion of a financially-sound rural credit system, wider participation of banks, improved efficiency of the credit delivery system and the deliberate shift to a market-oriented approach.

Fernandez said a number of measures have been taken that have implications not only to the rural sector but to the entire financial system.

The CB, he said, was proceeding with the policy of strengthening the banking system and encouraging appropriate mergers and/or consolidations that would bring about fewer but financially-stable institutions.

Another move, Fernandez said, changes the definition of the loanable fund base of banks under PD [Presidential Decree] 717. This would reduce the agriagra requirement and improve bank profitability.

The CB, he added, was considering the lowering of the reserve requirement for regular deposits of commercial banks which would further cut the cost of bank funds.

To spur agricultural activity the CB is asking the World Bank to relax the terms of the P3-billion agricultural loan fund (ALF) to hasten the use of the funds.

The CB head pointed out that the government's pump-priming activities would be trained on the agricultural sector which remained the only growth area last year.

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CSO: 4200/670

TAX OFFICIAL DENIES REVENUE LOSS FROM PETROL PRICE DROP

HK311610 Manila BUSINESS DAY in English 31 Jan 86 p 3

[Text] No loss in government revenue is expected to result from the recent price rollback of various petroleum products. Romulo M. Villa, Bureau of Internal Revenue (BIR) deputy commissioner, explained that while ad valorem taxes are reduced when prices are decreased, the specific taxes on the same products would make up for the reduction.

Villa noted that two taxes are imposed on petroleum products--the specific tax based on sales volume and the ad valorem tax based on the selling price.

"Whatever theoretical loss in ad valorem taxes will result due to the price rollback will be compensated by the corresponding increase in total specific taxes," Villa said. He added that the expected increase in the sales of petroleum products due to the fall in prices will mean a bigger specific tax revenue collection.

Earlier reports (published in other newspapers) said the government will incur an estimated P600-million revenue loss in ad valorem taxes due to the price cutback of petroleum products.

Other BIR sources pointed out that specific taxes on petroleum products were in fact increased by Presidential Decree [PD] No 1994.

Under the decree, the specific tax on premium gasoline is P1.49 per liter; regular gasoline, P1.575; aviation turbo fuel, P1.509; bunker fuel oil, P0.443; liquified petroleum gas (LPG), P0.572; and thinners and solvents, P1.491. It also imposes a specific tax of P4.50 on every liter of lubricating oil, five centavos per liter of processed gas, and P4.50 per kilogram of greases, waxes and petrolatum.

According to Board of Energy (BOE) data, the increases in the specific tax are as follows: premium gasoline, 30 centavos; regular gasoline, 28 centavos; aviation turbo fuel, 30 centavos; fuel oil, 19 centavos; and LPG, 22 centavos.

The increase in the specific taxes for petroleum products is expected to generate about P1.16 billion in annual tax revenues for the government.

In a related development, the BIR issued Revenue Memorandum Order No 1-86 to provide guidelines for the collection of the specific and ad valorem taxes on certain petroleum products as provided for by PD No 1994 and Executive Order No 1076 (amending PD No 1994).

PD No 1994 and EO No 1076 revised the specific and valorem taxes on some petroleum products in order to recover revenue losses arising from the reduction from 27.5 percent to 22 percent of the customs duties imposed on crude oil imports effective this year.

The order notes that since the stock inventories of all oil companies as of end-1985 were manufactured out of crude oil which was previously taxed on a higher rate of duty, the new rates provided under PD No 1994, as amended, do not apply to such inventories to avoid double taxation.

Toward this end, the BIR requires all oil companies to submit their stock inventories as of end-1985. The BIR will likewise set up separate books for this purpose, conduct periodic verification to monitor all movements of the stock inventories concerned and report on the final disposition of the inventories of all oil companies.

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CSO: 4200/670

NATIONAL OIL COMPANY'S COAL SUBSIDIARIES FACE STRIKE

HK311613 Manila BUSINESS DAY in English 31 Jan 86 p 15

[Text] Davao City--A strike at Philippine National Oil Co.'s [PNOC] two coal subsidiaries--PNOC Coal Corp. and Malangas Coal Corp.--may drag on for a few more weeks as negotiations are expected to start only after the Feb 7 elections.

The strike broke out Jan 23, according to reports reaching the Davao headquarters of the Southern Philippines Federation of Labor (SPEL), to which the Nagkahiusang Mamumuo sa PNOC [United Heads of PNOC] sole collective bargaining agent is affiliated.

SPEL head Proculo Fuentes said PNOC representatives will negotiate with the union only after the polls. "They seem very busy campaigning," he said.

The SPEL also reported that the workers at the picketline were "harassed" last Jan 25 by Civilian Hoe Defense Forces (CHHF) militiamen and members of the 33rd Infantry Battalion, who also escorted scabs and food supplies into the company premises.

The ongoing labor dispute involves 800 contractual workers who have been with the companies for an average of five to six years. Management has agreed to give them regular status but refuses to give the corresponding monetary benefits, Fuentes said in an earlier interview.

Fuentes pointed that it has been company practice to give regular employees a monthly cost-of-living allowance of P800 and contractual employees, only P442. He said management wants to pay the allowance of newly appointed regulars at P442, which the union finds unacceptable.

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CSO: 4200/670

AMPLE SUPPLY OF STAPLES ASSURED; HOARDERS WARNED

HK231101 Manila BULLETIN TODAY in English 22 Jan 86 p 1

[Text] Supermarket owners assured yesterday of an ample supply of essential commodities to dispel consumers' fears of shortage and prevent panic buying. They told the Bureau of Domestic Trade [BDT] that their problem is the slow movement of commodity stocks as they belied reports of hoarding. However, they said that prices have slightly increased but within tolerable limits.

The supermarket owners said they were assured by their suppliers that there will be no disruption in the delivery of goods. They, in turn, assured the BDT of steady supply and help in holding down prices.

The BDT said that the position of supermarkets in the domestic market is important because many of the small retail outlets get their supplies from them. It added that the bureau has sufficient legal powers to go after hoarders and will not hesitate to use these powers to protect the consumers.

The bureau also urged the public to report cases of hoarding so that it can take steps to facilitate the continuous flow of goods to retail outlets.

Earlier, President Marcos warned hoarders of essential goods, saying that hoarding would encourage inflation and undermine the general price stability attained over the past several months. Mr Marcos ordered Trade Minister Roberto Ongpin to keep a close watch on traders and to apply "the full force of the law to protect the consuming public." Mr Marcos also appealed to the public not to resort to panic buying as this would lead to artificial shortages.

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CSO: 4200/670

BRIEFS

INVESTMENTS IN AGRICULTURE--The government's efforts to pump-prime the economy will be focused on the agricultural sector which accounts for 23 percent of the country's total production, Prime Minister Cesar Virata told the conference of the Governors of Southeast Asian Central Banks in Baguio City yesterday. He said increased investments in agriculture will serve to moderate price increases in food which continues to comprise about half of the average Filipino's basket of goods and services. Virata also said that fiscal, monetary and price policies will be orchestrated this year to perk up demand for products and commodities as recovery of the economy gets underway. He said signs of the start of economic recovery are becoming evident. [By J.C. Concepcion] [Text] [Manial BULLETIN TODAY in English 24 Jan 86 p 15 HK] /12712

BANK MERGER POSSIBLE--Prime Minister Cesar Virata said the proposed merger of the Development Bank of the Philippines and the Philippine National Bank may still push through, depending on the results of a study which may be released in March or April this year. Virata said the merger should have been implemented last year but there was strong opposition from the heads of both banks, which had been incurring huge losses during the past year. The merger plan is being pushed by the International Monetary Fund and the World Bank, which have offered 150 million to finance the rehabilitation of the financial institutions. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 26 Jan 86 HK] /12712

CSO: 4200/671

SINGAPORE

STEPS CONSIDERED TO DEAL WITH ECONOMIC DOWNTURN

Penang THE STAR in English 8 Jan 86 p 22

[Text]

SINGAPORE: For the Singapore government, to accept major recommendations made by all sectors of businesses as steps to sail through the present economic downturn will mean that it has to unwind structures of its established economic policies.

Three sub-committee of the main body of the government-appointed economic committee to spell out remedies for Singapore's economy have individually called on the government to repeal or amend at least a dozen of its laws.

These include reducing the Central Provident Fund (CPF) contributions, allow foreign workers to stay, discourage government involvement in business, stop wages climbing up further and, above all, reduce several kinds of taxes.

They felt that if these policies are allowed to stay without reviewing it, businesses will slide further down. At the same time the government is concerned that if no changes are made, businessmen will resort to all kinds of cost-cutting measures as no businessman will allow profits to offset losses for unspecific length of time.

As it is, 90,000 people have lost their jobs of which 30,000 are Singaporeans. The official unemployment figures stands at 4.5 per cent and likely to go up another two per cent this year, rather high in Singapore, which has boasted full employment for years.

With all eyes focussed on this special economic committee headed by Minister of State for Trade and Industry and for defence, Brig-Gen Lee Hsien Loong, businessmen are taking opportunities to voice their grievances which have been in their minds for quite sometime.

Brig-Gen Lee, son of Premier Lee Kuan Yew, who is expected to be promoted to full Minister of Trade and Industry soon, said a common complaint seemed to be that the government is adopting too much of a *liassez faire* approach to the current economic downturn and some even feel that the government is out of touch and ignorant of difficulties faced by businessmen.

There was an alarming increase in the rate of business closures last year, along with a drastic slowdown in new registrations. That's not counting a Registrar of Businesses estimate that about 20,000 businesses — that is, sole proprietorship and partnerships — had failed to renew their registration, by the end of June last year.

This estimate dwarfs the official statistics which show that 3,440 businesses folded up between January and June last year, together with 803 companies.

In a report to the economic committee, the sub-group on local businesses quoted the figures obtained from the Registrar of Businesses to back its call for more government-support of local businesses.

All the sub-committees contended that the government appears to be favouring foreign multinational companies to the detriment of local indigenous companies.

"The government seems to have no confidence in local contractors. Foreign companies come here for one purpose, to make as much as possible in the shortest time. They have never been interested in transferring technology and once the going gets rough, they pull out without giving much consideration to local employee or businesses", said another report.

Cement Manufacturers' Association of Singapore said that cement is currently being dumped into Singapore at prices well below international market by bulk cement traders.

Although the government has adopted an open economic policy for Singapore, this policy should not be applicable to all industries especially to the basic industries like cement and steel, their report said.

Shippers here said the government tends to perceive the ports of Rotterdam or Yokohama as its competitors, while in fact the real competitors of Singapore are the ports of Malaysia and Indonesia which have been developing their port facilities to encourage direct export to the countries of final destination.

Local businesses now complain that the pace set for Singapore's economic transition from labour-intensive industries to high-tech industries is too rapid.

To them, the rate of decline of the indigenous local businesses has far outpaced the growth level of the high-tech industries and this created a "vacuum" which was considered hard to fill.

On the government involvement in businesses, all the sub-committees want the government to reduce their participation as not to hinder the growth of private sector or perhaps make life difficult for them. An official of the manufacturing committee said if the government wants private sector to be the engine of growth, it should make a conscious effort to sub-contract as much business as possible to the private sector instead of undertaking it on its own.

The government should reduce to the minimum its practices of privatisation and encroachment on private businesses and should make clear to all that the role of public sector is to serve the public and not to churn out operations surplus, as the statutory boards are doing openly, they said.

The Chinese Chamber of Commerce highlighted adverse banking practices by the government-backed Singapore Development Bank which is exempted from Monetary Authority of Singapore regulations relating to banking and the Post Office Savings Banks (POSB) of which interests on savings deposits are tax-free.

"This will affect the loans positions of private commercial banks. The economic adverse affects on the nation's investments levels are clear because numerous allocations of business funds are available only from the commercial banks and not financed by POSB", the chamber said.

High wages based on the yearly compounding of the national wage council coupled with higher CPF contributions, foreign workers levy, skills development fund have eroded competitive position vis-a-vis its traditional rivals, added another report.

An observer noted that the government is expected to accept several proposals, after having conceded to a certain extent, to reduce the high rate of CPF contributions which two months ago was still the most defended policy. — Bernama ES

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CSO: 4200/656

SINGAPORE

BRIEFS

TAN KOON SWAN'S ASSOCIATE SENTENCED--Singapore, Feb 5 (BERNAMA)--The financial director of Pan Electric Industries, Tan Kok Liang, was sentenced to a total of 15 months jail on two charges of criminal breach of trust. The sentences, 1 year for the first charge and 3 months for the second charge are to run consecutively. [Text] [Kuala Lumpur BERNAMA in English 0830 GMT 5 Feb 86 BK] /12766

CSO: 4200/660

THAILAND

ATHIT EXTENSION, GENERAL MANA MILITARY PARTY LINKED

Bangkok SU ANAKHOT in Thai 29 Jan-4 Feb 86 pp 10-13

[Excerpt] Definitely No Extension? "Prem Was Granted Only a 1-Year Extension"

A favorite topic of discussion these days is, "Will Gen Athit be granted another 1-year extension?" This is being discussed by people in almost all political circles, including politicians-ministers and civilian and military officials.

"If you ask battalion commanders about this, most will say that he will definitely be granted an extension or that he should be granted an extension. Divisional commanders tend to say that this depends on senior people and that they are not involved. And if you ask the senior military officers, many will say that they do not know but that Prem was granted just a 1-year extension?" This is the view of a senior military officer who has been able to form a picture of what may happen in the military. The words "Prem was granted just a 1-year extension" seem to have a rather deep meaning. At the same time, this is a very clear answer. In particular, similar statements are beginning to be heard among conservative powerholders.

It can be said that the extension granted to Gen Prem in 1980 was granted at a time when his prestige was at its height, that is, just 6 months after rising to the position of prime minister with his image as an honest and straightforward gentleman. Even though that extension was manipulated by a power group behind the political stage, the outward image of that extension 5 years ago is being used now to draw the line for the extension in 1986.

One senior person who is a member of the conservative faction recently said that the main reason why Gen Prem was granted an extension was that he was an honest and straightforward person. A secondary reason was that he had to have military power in order to ensure political stability while serving as prime minister. And to the present, Gen Prem has shown his ability to coordinate various interests, for which he has won acceptance by the various factions, including parliament and the military.

Many factions would agree with these reasons for his "acceptance by all factions" and agree that he is an honest person who is not "hungry for power." And so all sides trust him. Thus, the answer for the 1986 extension is that "Gen Prem was granted only a 1-year extension."

The Birth of a Military Party, Paving the Way for a Political Heir

In July 1985, just prior to his retirement as assistant RTA CINC, Gen Mana Rattanakoset announced that he intended to run for the position of governor of Bangkok Metropolitan. Because of this announcement, a flurry of stories about a "military party" began appearing in the newspapers. Prior to that, there had just been some rumors about this.

Following that, the appearance of the Mass Development Corporation Ltd, with 19 shareholders being retired generals and generals on active duty, lent even greater credence to the existence of a "military party." The company engaged in a variety of activities, from toothpicks to warships. But because of its tendency to act like a "sleeping partner," some said that this company was an economic base for this party.

However, the appearance of this "sleeping partner" was roundly criticized in the press, and this staggered the Mass Development Corporation. Several well-known generals said that they knew nothing about this, and they asked to remove their names from the list of shareholders. And following that, Gen Mana, who was viewed as being a key figure in this political party, announced that he was withdrawing from the race for governor of Bangkok Metropolitan. Because of this, interest in this military party began to die down. The only thing keeping the image of this political party alive is the attitude of Gen Mana, who has indicated that he may run for election in the next national parliamentary election.

An officer at the army Civil Affairs Center said that actually, people have been discussing this party and formulating work lines for a long time. It can be said that this has been going on ever since Gen Mana was appointed head of the Reserves for National Security during the period that he was serving as the assistant army chief of staff for civil affairs. Something worth noting is that Gen Mana was not appointed head of the Reserves for National Security because of his civil affairs position but because of his personal status.

The military party was established in order to enable retired military officers to engage in parliamentary politics based on the political ideals of the military. The military believes that today's political parties represent monopolistic capitalists and socialists. But what is probably most important is their view that when officers retire and run for election, they are not given important positions in the political parties.

However, it is said that what has induced the military to establish a political party is that the present military leader is trying to position himself to become the political heir of Gen Prem. An officer close to Gen Mana said that at that time, senior military officers discussed the lesson learned from the time of Gen Prem. That is, for the prime minister to have a secure position, he must have a firm base of support among the political parties in addition to his base of support among the senators. In the case of Gen Prem, while he did not have his own political party, there were several parties that were willing to provide him with a strong base of support. But the next prime minister will probably have to have his own political party.

But that is not all. These officers also believe that by forming their own party, they can solve the problem of having to haggle over positions or interests. As for whether the party can win a majority of the seats in parliament in order to form a government, it is felt that there are a large number of influential MPs who ran for election in order to use their political prestige to control various illegal activities. These MPs are prepared to join any political party if they feel it has a strong chance of forming a government, particularly if it is a military party. They will not set any stipulations or conditions on political positions. What is important is that these MPs have various means of controlling elections. This will greatly benefit the party to which they belong in terms of the number of seats in parliament. And the party will not have to worry about providing them with financial support.

"Just after rumors began circulating about the formation of a party, such MPs made contact and asked to join the party," said the same officer.

Appearance of the 'Community Action' Party in a 'No Extension' Situation

But the situation now is completely different from what it was when the idea of establishing a party for Gen Prem's "political heir" first originated. However, it seems that people are still pressing forward with the idea of forming a military party. And while the path may be different, the goal--the premiership for the military leader--has not changed.

At the beginning of January last year, Gen Mana gave an interview on the formation of a political party. He said that preparations were being made in order to field candidates in the 1987 election.

"We have not formed a military party. And it's incorrect to say that the members of today's political parties are all civilians. People who form a political party must share similar ideals and be ready to help each other. People elected to parliament can't think just about being appointed minister. That is not right," said Gen Man during that interview.

A high-level news source in the army said that at a recent meeting, the party activists decided to name the party the "Community Action" Party. Gen Mana will come forward publically and may even serve as party leader. As for the party members, most are MPs from other parties, mainly the Social Action and Thai Nation parties. In particular, a large group of SAP MPs from the northeast are an important faction in the SAP. Some hold ministerial positions. There have been conflicts within the SAP and so these people have contacted Gen Mana.

Besides this, several well-known members of Army Preparatory School Class 5 who have retired are preparing to stand for election in the name of the

Community Action Party. One is Gen Thianchai Sirisamphan, who plans to run in Lopburi Province. As for Police Gen Suwan Rattanachun, the former deputy director-general of the Police Department, there are reports that he has been approached, too. But as of now, he is not ready to run for election.

As for the party's financial position, a military news source said that the Mass Development Corporation has not grown as much as it should have. But Gen Mana and Gen Sup Aksaranukhro are now monitoring things closely. It will take some time for the party's financial situation to improve. At present, most party members are able to help themselves and so the party will not have to provide much support.

However, considering the mass base of the party, it can be said that Gen Mana's position as head of the Reserves for National Security, which has 1 million members nationwide, provided a basis for the establishment of this political party. This is a very strong base of support.

"We must take urgent action to build the party. Because parliament may be dissolved during the 1986 session and Gen Athit may not be granted another extension. This party is the hope of those of us who want to work for him," said a senior military officer.

Athit-Chawalit and the 'Community Action' Party

"There are many suspicious people, and there have been many rumors. I want to say that I have no plans to join a political party to run for election. At present, my only intention is to carry out the duties entrusted to me by the government, the country and the people as well as I can," said Gen Athit a few days ago on the program "The Army Meets the People." As for the rumors that he will establish a political party, he said that there are already a lot of parties and that establishing another party would not be beneficial. "Thus, I don't plan to do that."

As for running for election, Gen Athit said that "it will take time to make a decision and see whether that is the right thing to do. It depends on my health, too. Several things have to be taken into consideration. But I haven't thought about this yet. Those are just rumors."

Based on what Gen Athit has said, he will definitely not form a political party but has not yet made a decision on running for election. It will take time to make a decision. A news source close to Gen Mana said that initially, Gen Mana will be the one publically associated with this party. As for Gen Athit, regardless of what he has decided at this point in time, he will definitely not reveal himself as one of the founders of the party. Because he will certainly not get involved in politics until after he retires.

That means that the next step of Gen Athit will be to play the role of a person who is dedicated to serving the country and who is not seeking to gain power. The purpose of this is to erase the image that some people have formed of him. Some have charged that he is trying to portray himself as a "knight on a white horse."

Gen Athit does not need to get involved with this political party. He can play one role while the party plays another. When the time comes, he can change roles and take a new course.

However, several senior military officers are watching Gen Chawalit, who is next in line for the position of RTA CINC, to see whether he will support this military party. At this stage, it seems that the "next" RTA CINC will not get involved or provide support. Many people are saying that Big Chiu's role will definitely change this year. Big Chiu will no longer play the role of coordinator between the two political "big shots." This is because he will become the "third political pole." This means that the Community Action Party will experience a new problem. No longer will it be watched by just one "power pole." The new "power pole" will keep a close watch on the Community Action Party, too.

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CSO: 4207/155

THAI DAILY ON SRV CAMPAIGN AGAINST KHMER ROUGE

BK040305 Bangkok THE NATION in English 4 Feb 86 p 5

[Text] Hanoi's troops are currently stalled in their prolonged military campaign against Khmer Rouge strongholds on the southwestern Kampuchean border.

A series of battles began on November 10 when elements of the Vietnamese 59th Division launched an all-out attack on the stronghold of the Khmer Rouge 415th Division on Phnum Saravan Mountain in Battambang Province of Kampuchea opposite the Thai village of Khlong Yai in Pong Nam Ron District of Chanthaburi.

The Vietnamese managed to overrun the Khmer Rouge stronghold, where several hundred of the guerrillas had been based, within only a few days. Casualties on either side were not known.

The Khmer Rouge is the largest and reputed to be the most disciplined faction in the tripartite Khmer resistance coalition.

The guerrillas, in an attempt to retake their stronghold, continue to mount hit-and-run raids on Vietnamese positions, causing the Vietnamese to retaliate with artillery fire.

The fighting forced more than 900 Thai villagers to flee Khlong Yai, and they have been living for more than two months in an evacuation area about five kilometres deeper inside Thai territory.

According to military sources, the Khmer Rouge guerrillas of the 415th Division have little chance to recapture their fallen base, mainly because of the large number of Vietnamese troops, deployed in the area, which the Vietnamese have also heavily-mined and booby-trapped.

The Vietnamese appear to be confident of their control of the former Khmer Rouge stronghold. Last December, they sent some elements of the 59th Division based in the Kampuchean town of Pailin away to support other units operating against Khmer Rouge guerrillas further north in Battambang opposite Khao Tangoc Mountain in Aranyaprathet District, Prachin Buri.

The Vietnamese 59th Division is responsible for operations against Khmer guerrillas between northern Pursat Province and Battambang to the south.

However, the Vietnamese met stiffer resistance when troops of their 330th Division in the middle of last month attacked the stronghold of the Khmer Rouge Second Division in Pursat Province.

Military sources said more than 1,000 guerrillas of the Second Division, based on Bantad Mountain range opposite the northern area of Muang District in Trat Province, have not established any permanent bases or strongholds.

They said the guerrillas' outposts cover several hilltops on the rugged terrain of the mountain range, which stretches to the southern tip of the Thai-Kampuchean border.

At the beginning of the Vietnamese attack, however, troops managed to capture two hilltops on Dec 21, but they were pushed back from one of them by the guerrillas two days later.

According to the sources, the Khmer Rouge guerrillas. during the fourth week of last month, launched a counter-attack in an attempt to retake the second hill, about two kilometres from the first one.

The second hilltop was still a contested area for the rival forces at the beginning of last week and fighting has been raging there. About 3,000 Khmer Rouge civilian followers have fled across the border into Thailand, the sources said.

The sources said units of the Vietnamese 330th Division employed in the attack had earlier been called from the Kampuchean interior province of Kompong Speu.

According to the military sources, four Vietnamese divisions, the 59th, the 330th, the 339th and the Fourth, are deployed close to the Thai-Kampuchean border opposite Chanthaburi and Trat provinces of Thailand.

The 59th, the 330th and the 339th, are based in Battambang and Pursat provinces of Kampuchea, and the Fourth Division is deployed in Koh Kong Province along Kampuchea's southwestern coast.

The Khmer resistance sources characterized the Vietnamese operation in the south-western Kampuchea as only a prelude of their full-scale dry season offensive.

An intelligence source said a decision to continue an all-out operation against the Khmer Rouge guerrillas in the southwestern Kampuchean border area with Thailand this year was made early last month in a meeting of the military committee of the Hanoi-installed government in Phnom Penh.

According to the source, a titubar member of the Politburo of Phnom Penh government, Say Phuthang, who was also a Khmer Rouge veteran from the southwestern zone, proposed to continue the operation against the guerrillas.

In the last few years before the Khmer Rouge ousted the Lon Nol government in 1975 and even during the Pol Pot era, the Khmer Rouge guerrillas in the southwestern zone were considered to be the most strictly-disciplined and toughest fighters, possibly because of its strong leader, Ta Mok, who is Pol Pot's right-hand man and has been claimed to be a key figure behind the Khmer Rouge's bloody purge during 1976-1979.

According to the military sources, besides the Khmer Rouge strongholds of the 415th and the Second divisions, which have come under the Vietnamese attack, elements of two other Khmer Rouge divisions, the First and the Third, are operating from a net of mobile outposts on the mountainous southwestern Kampuchean border area opposite Trat Province.

So if Hanoi intends to totally wipe out the Khmer Rouge guerrillas in the area, its troops in Kampuchea would face an uphill task before the current dry season ends in May.

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CSO: 4200/665

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

BRIEFS

KHMER ROUGE CLAIM ATTACK ON SRV POSITIONS--Bangkok, Feb 5 (AFP)--Pro-Chinese Khmer Rouge guerrillas said today they had attacked Vietnamese positions along a main supply route in central Cambodia, killing 51 of Hanoi's troops and wounding 35 others. Khmer Rouge radio, monitored here, said the attack on a string of villages took place on January 29 along a 16-kilometer (10 mile) portion of Highway Number Six, about 120 kilometers (80 miles) north of Phnom Penh. There was no independent confirmation immediately available of the attack, one of several operations the Khmer Rouge have claimed against Vietnamese troops along the highway. The road, linking Phnom Penh with northern and western Cambodia, is the main supply route for Vietnamese forces stationed along the Thai-Cambodian border. The Khmer Rouge also said that its Beijing-based representative, Chan Youran, had been accredited as the Cambodian resistance coalition's ambassador to Pakistan under an agreement reached last month. The U.N.-recognized Coalition Government of Democratic Kampuchea (CGDK) links the Khmer Rouge and two non-Communist movements fighting an estimated 150,000 to 170,000 Vietnamese troops in Cambodia. Pakistan was one of the first countries to appoint an ambassador, also its Beijing mission head, to the CGDK after it was formed in 1982. Sources close to Prince Norodom Sihanouk, head of the tri-partite resistance, said Chan Youran would also be accredited to Bangladesh, one of eight other countries that has made a symbolic expression of diplomatic support. [Text] [Hong Kong AFP in English 0611 GMT 5 Feb 86 HK]/12766

CSO: 4200/665

PEOPLE'S REPUBLIC OF KAMPUCHEA

OFFICIAL INTERVIEWED ON FRIENDSHIP WITH SRV

BK031113 Phnom Penh Domestic Service in Cambodian 0430 GMT 3 Feb 86

[Recorded statement by Chan Ven, chairman of the PRK-SRV Friendship Association, on Cambodia-Vietnam relations during interview with station correspondent on anniversary of Indochinese Communist Party and Vietnam--date not given]

[Excerpt] With my conviction and confidence in our new revolutionary regime, I believe the special relations of friendship, solidarity, and multiform cooperation between Cambodia and Vietnam and among Cambodia, Vietnam, and Laos, are in conformity with the desire and will of our people. It is the experience of the PRK that when the Cambodian revolution has relations of solidarity with the Vietnamese revolution in particular, and with the revolutions of Vietnam and Laos in general, the Cambodian revolution always scores victories. When this solidarity is lost due to maneuvers of enemies, the Cambodian revolution will be defeated and destroyed. Comrade Heng Samrin, general secretary of the party Central Committee, said at the party's fifth congress that the Indochinese peninsula is a fine symbol and a real force for national independence and socialism in Southeast Asia. The revolutionary alliance in the Indochinese peninsula is a firm strategic alliance. This is something which will never change in the cause of successfully defending and building our socialist Cambodian fatherland.

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CSO: 4212/55

PEOPLE'S REPUBLIC OF KAMPUCHEA

HUN SEN THANKS INDIA'S GANDHI FOR GREETINGS

BK311232 Phnom Penh Domestic Service in Cambodian 0430 GMT 31 Jan 86

[Text] Recently Comrade Hun Sen, chairman of the PRK Council of Ministers, sent a message of thanks to His Excellency Rajiv Gandhi, prime minister of the Republic of India, for his greetings on the occasion of the 7 January National Day of the PRK.

The message says: We are confident that the bonds of friendship, solidarity, and cooperation between Cambodia and India will be strengthened and developed in all fields in the future in the interests of the two countries.

May Your Excellency and the Indian people enjoy the best of health and score many more successes in the development of your country.

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CSO: 4212/55

HENG SAMRIN, HUN SEN THANKS TO MONGOLIAN COUNTERPARTS

BK060658 Phnom Penh Domestic Service in Cambodian 0430 GMT 6 Feb 86

[Text] Comrade Heng Samrin, general secretary of the KPRP Central Committee and chairman of the Council of State; and Comrade Hun Sen, chairman of the Council of Ministers of the PRK, have sent a message of thanks to Comrade Jambyn Batmonh, general secretary of the MPRP and the chairman of the Presidium of the People's Great Hural; and Comrade Dumaagiyn Sodnom, chairman of the Council of Ministers of the MPR, for their greetings on the occasion of the 7th National Day of the PRK. The message noted:

On behalf of the KPRP, the Councils of State and Ministers of the PRK, and the Cambodian people, we are very happy to receive your greetings on the occasion of the 7th PRK 7 January National Day.

We would like to extend profound and most sincere thanks to you and, through you, to the MPRP Central Committee, the Presidium of the People's Great Hural, the Council of Ministers of the MPR, and the fraternal Mongolian people.

We would also like to express our most profound gratitude to the Mongolian party, government, and people for their material and mental support for our Cambodian people in their just struggle against the subversive schemes of the Chinese hegemonists-expansionists in collusion with the U.S. imperialist and other international reactionary forces to defend peace, independence, and revolutionary gains in the PRK and in contributing to safeguarding and strengthening peace and stability in Southeast Asia and the world.

On this occasion, we would like to extend best wishes to you, to the MPRP Central Committee, the Mongolian Government, and the fraternal Mongolian people. May you enjoy good health and greater successes in fulfilling your noble mission.

/8309
CSO: 4212/55

PEOPLE'S REPUBLIC OF KAMPUCHEA

HUN SEN THANKS MPR'S DUGERSUREN FOR GREETINGS

BK061428 Phnom Penh Domestic Service in Cambodian 1300 GMT 6 Feb 86

[Text] Comrade Hun Sen, minister of foreign affairs of the PRK, sent a message of thanks recently to Comrade Mangalyn Dugersuren, minister of foreign affairs of the MPR, for his greetings on the Seventh National Day of the PRK. The message stresses:

I am very happy with your greetings and best wishes sent to me on the occasion of the seventh anniversary of the PRK. I am firmly convinced that the bonds of fraternal friendship and solidarity and close cooperation between our two peoples will further develop and strengthen in the interests of our two peoples and in contribution to the defense of peace and stability in the region and the world.

I wish you the best of health and more and greater successes in the accomplishment of your noble tasks.

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CSO: 4212/55

PHNOM PENH REPORTS CHALLENGER DESTRUCTION

BK011430 Phnom Penh Domestic Service in Cambodian 1300 GMT 1 Feb 86

[Text] According to news sources in the United States, on 28 January the U.S. space shuttle "Challenger" exploded over the Atlantic Ocean 75 seconds after its blast-off from the Cape Canaveral launch center in Florida. It was only 15 km above earth. All seven astronauts, including two women, died in the explosion. According to experts, the explosion of the $1.2 billion spaceship might have been caused by an explosion of the ship's fuel tank, filled with liquid hydrogen and oxygen. Observers estimate that resumption of the shuttle flights would not be possible for the next few months.

Speaking on CNN radio, U.S. expert (William) said NASA did not study thoroughly enough the technical aspects of the shuttle flights. NASA refused to comment on the cause of the "Challenger" explosion.

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CSO: 4212/55

PEOPLE'S REPUBLIC OF KAMPUCHEA

REPORT ON AGRICULTURAL DEVELOPMENTS 27 JAN-2 FEB

BK031009 [Editorial Report] Cambodian media monitored bv Bangkok bureau carried the following reports on agricultural developments in Cambodia during the reporting period 27 January-2 February:

Takeo Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 27 January reports that by mid-January peasants in Kaoh Andet District had sold more than 30 metric tons of rice to the state. In a report broadcast at 1300 GMT on 29 January the radio says that last rainy season peasants in the province transplanted more than 120,600 hectares of various types of rice, or 84 percent of the plan. The report also says that by 20 January, 90 percent of the rice had been harvested with an average yield of 1.5 metric tons per hectare and that by mid-January, more than 3,200 hectares of dry season rice had been sowed and another 8,900 hectares transplanted, including 3,400 hectares of IR-36 strain; 37,500 hectares of rice are planned for this season. At 1300 GMT on 30 January, the radio reports that by early January, peasants in Prey Kabbas District had harvested 11,000 hectares of the 12,600 hectares of monsoon rice and that between 10 and 20 January, 500 hectares of dry-season rice had been sowed and another 1,600 hectares transplanted, including 300 hectares of IR-36 strain.

Kompong Speu Province: In a report broadcast at 1300 GMT on 27 January the radio says that by 9 January peasants in Samraong Tong District had sold more than 100 metric tons of paddy to the state. According to Phnom Penh SPK in French at 1152 GMT on 29 January, by mid-January peasants in Kong Pisei District had harvested more than 9,000 hectares of rice or 85 percent of the rice planted during last rainy season, with an average yield of 1 metric ton per hectare. At the same time, peasants also transplanted 170 hectares of rice and planted more than 300 hectares of subsidiary crops.

Kompong Som Municipality: The radio at 1300 GMT on 27 January reports that fishermen in the municipality caught more than 1,670 metric tons of fish in 1985.

Kompong Chhnang Province: At 0430 GMT on 28 January the radio says that by 16 January peasants in the province had sowed more than 370 hectares of dry-season rice, transplanted more than 600 hectares of rice, and planted more than 2,000 hectares of subsidiary crops and more than 178 hectares of industrial crops.

Pursat Province: In a report broadcast at 0430 GMT on 29 January the radio says that by mid-January peasants in Kandieng District had harvested nearly 460 hectares of rainy season rice with a yield of nearly 700 metric tons and planted almost 988 hectares of subsidiary crops.

Kompong Cham Province: At 0430 GMT on 30 January the radio reports that by 10 January the trade service in Chamka Leu District had bought 16 metric tons of paddy, more than 800 metric tons of sesame, more than 810 metric tons of mungbeans, and nearly 7,500 metric tons of soybeans from peasants. In another report broadcast at 1300 GMT on 2 February, the radio says that by mid-January peasants in Memot District had harvested more than 9,180 hectares of rice with an average yield of 1.5 metric tons per hectare; more than 1,940 metric tons of paddy had also been sold to the state.

Kandal Province: According to the radio at 0430 GMT on 30 January, last rainy season peasants in the province planted nearly 47,000 hectares of rice; by January, more than 13,500 hectares had been harvested with a yield of more than 25,500 metric tons; nearly 3,000 hectares and more than 9,400 hectares of rice had also been sowed and transplanted. In another report broadcast at 0430 GMT on 31 January the radio says that by mid-January peasants in the suburban area of the provincial seat had harvested 160 hectares of rainy season rice and that they plan to grow 350 hectares of dry season rice. At 1300 GMT on 1 February the radio reports that by 15 January peasants in Kien Svay District had transplanted 1,920 hectares of dry-season rice and planted more than 30 hectares of corn, more than 30 hectares of sugarcane, and more than 260 hectares of beans. The peasants also received 470 metric tons of chemical fertilizers from the local agricultural service, adds the report. According to SPK in French at 0416 GMT on 1 February, in 1985 peasants in Lvea Em District planted 449 hectares of rice with a yield of 1,226 metric tons; 1,419 hectares of corn with a yield of 1,603 metric tons; and more than 200 hectares of subsidiary crops. The report also says that during the same period, fishermen in this locality caught more than 1,890 metric tons of fish; currently, there are 6,300 head of cattle and 3,200 pigs in the district.

Kompong Thom Province: At 0430 GMT on 31 January the radio reports that from 4 to 10 January peasants in Sandan District had sold more than 30 metric tons of paddy to the state. In another report broadcast at 0430 GMT on 2 February the radio says that during the 1985 rainy season, peasants in Santuk District planted more than 14,850 hectares of rice and that by the end of December, 2,250 hectares of rainy season rice had been harvested.

Svay Rieng Province: At 1300 GMT on 31 January the radio reports that by the end of January, peasants in Svay Rieng District had harvested more than 23,000 hectares of monsoon rice with a yield of more than 2 metric tons per hectare; by mid-January, more than 150 hectares of rice had been transplanted. The report also says that currently the peasants are working on 670 hectares of dry season rice. In a report broadcast at 0430 GMT on 1 February the radio says that by mid-January peasants in Chantrea District had harvested almost 2,300 hectares of rice and sold more than 300 metric tons of paddy to the state. According to the radio at 1300 GMT on 1 February, by mid-January peasants in Svay Rieng District had sold to the state more than 900 metric tons of surplus paddy. In another report broadcast at 1300 GMT on 2 February, the radio says that by 15 January peasants in Chantrea District had tilled almost 100 hectares of land, sowed more than 10 hectares, broadcast more than 4 hectares of rice, produced almost 20 metric tons of natural fertilizers, and planted more than 30 hectares of subsidiary crops.

Koh Kong Province: At 1300 GMT on 2 February the radio reports that according to the deputy chief of the provincial trade office, in 1985, 555 metric tons of paddy were bought from peasants.

Battambang Province: SPK in English at 1156 GMT on 27 January reports that this dry season, peasants in Battambang District transplanted 670 hectares of IR-36 rice.

Prey Veng Province: At 1156 GMT on 27 January SPK in English says that by mid-January, peasants in the province had sowed 2,000 hectares of rice and transplanted another 10,500 hectares of the 25,000 hectares planned for this dry season. To help peasants fulfill their plan, the district trade service provided them with 1,300 metric tons of chemical fertilizers and 4,000 liters of insecticide, adds the report. In Sithor Kandal District, during a period of 20 days ending 6 January, peasants sold to the state 50 metric tons of surplus rice, according to SPK in English at 1156 GMT on 27 January.

Preah Vihear Province: In a report in French transmitted at 0432 GMT on 29 January SPK says that in 1985, despite natural disasters, peasants in the province planted 11,000 hectares of rice, or 80 percent of their annual plan, and 800 hectares of subsidiary crops. There are almost 34,500 head of cattle and 11,700 pigs in the province. The report also says that after the harvest in 1985, peasants sold 1,870 metric tons of paddy to the state, representing an increase of 34 percent of the plan.

Sime Reap-Oddar Meanchey Province: SPK in Frednch at 0426 GMT on 1 February reports that by mid-January, peasants in the province had harvested 15,000 hectares of rainy season rice and planted 3,000 hectares of dry season rice; almost 2,200 hectares of subsidiary crops had also been planted and so far, 1,640 metric tons of paddy have been sold to the state.

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CSO: 4212/55

PEOPLE'S REPUBLIC OF KAMPUCHEA

BRIEFS

LITERACY CAMPAIGN MEETING--Phnom Penh, 1 Feb (SPK)--By the end of December, as part of the second 3-year plan for the elimination of illiteracy, Phnom Penh City had made 11,462 persons, or 90 percent of the remaining illiterate people, literate. This is stated in a report by Phnom Penh's committee for the fight against illiteracy during its annual meeting on this matter held on 27 January in the presence of its chairman, Nguon Nhel. Therefore, as many as seven wards have been completely freed from this scourge, namely Chhba Ampeou, Chrang Chamreh, Khmuonh, O Bek K'am, and Wards No 1, No 4, and No 6. After becoming literate, these persons have attended complementary courses organized for them. There are now 19 complementary schools at various levels, with a total of 9,382 students. Last year, out of these students, 237 graduated with certificates of primary education, 300 with certificates of secondary education, and 86 of tertiary education. Addressing the meeting, Nguon Nhel, also alternate member of the KPRP Central Committee Political Bureau and secretary of Phnom Penh City's provisional party committee, urged the participants to do their best in order to completely eliminate illiteracy from Phnom Penh's population by the end of June 1986, the date when the second 3-year plan of the campaign expires. He also stressed the need to encourage those becoming literate to attend complementary courses so that they can serve the fatherland more efficiently. [Text] [Phnom Penh SPK in French 0421 GMT 1 Feb 86 BK]/12766

HUNGARIAN HEALTH DELEGATION LEAVES--Phnom Penh, 31 Jan (SPK)--A delegation of the Health Ministry of the Hungarian People's Republic led by Secretary of State Imre Huta left Phnom Penh on Thursday at the end of its 4-day visit to Cambodia. It was seen off by Yit Kimseng and Nut Savoeun, Cambodian minister and deputy minister of health respectively. During it's stay in Cambodia, the delegation was received by Hun Sen, Political Bureau member of the KPRP Central Committee, chairman of the Council of Ministers, and minister of foreign affairs. It also signed with Minister Yit Kimseng an agreement on health cooperation between the PRK and the Hungarian People's Republic for 1986-90. The delegation also visited the School of Medicine and Pharmacy in Phnom Penh, the Medical Workers Training School, the Tuol Sleng Museum of Genocide, the former royal palace, and the national museum. [Text] [Phnom Penh SPK in French 0426 GMT 31 Jan 86 BK]/12766

LPDR BANKING COOPERATION DOCUMENT SIGNED--Phnom Penh, 28 Jan (SPK)--An official report [process-verbal] on banking cooperation for the 1986-87 period between the PRK and the LPDR was signed in Phnom Penh on 27 January. The signatories were Cha Rieng, director of the People's National Bank of Cambodia, and Boutsabong Souvannavong, director of the State Bank of Laos, who was visiting Cambodia. Chea Che, deputy director of the Bank of Cambodia, and Pheli Khounlaleuk, Lao ambassador to Cambodia, were also present at the signing ceremony. [Text] [Phnom Penh SPK in French 0448 GMT 28 Jan 86 BK]/12766

LAO STATE BANK DELEGATION VISITS--Phnom Penh, 27 Jan (SPK)--Hun Sen, member of the KPRP Central Committee Political Bureau, chairman of the Council of Ministers, and minister of foreign affairs of Cambodia, received in Phnom Penh this morning the visiting delegation of Laos' State Bank led by Director Boutsabong Souvannavong. Speaking on this occasion, Chairman Hun Sen informed his guests of the economic, financial, and monetary situation of Cambodia during the past 7 years and stressed the need for cooperation among the Cambodian, Lao, and Vietnamese banks in currency management. For his part, Boutsabong Souvannavong talked about the fruitful outcome of the third conference of bank directors of the three Indochinese countries held recently in Hanoi and reaffirmed his determination to carry out well the resolutions of that conference. Cha Rieng, director of the People's National Bank of Cambodia, was present at the audience. [Text] [Phnom Penh SPK in French 1235 GMT 27 Jan 86 BK]/12766

JANUARY BATTLE SUCCESSES--In 274 clashes taking place in various localities in January, we achieved brilliant success by putting out [of] action more than 1,000 enemy soldiers, including 241 killed on the spot, 82 wounded, 95 captured, and 514 others persuaded to surrender to the revolutionary authorities prior to being allowed to return to the national society. We seized 372 assorted weapons, 270 artillery shells, 174 mines, 11 walkie-talkies, and a large quantity of war materiel. [Excerpt] [Phnom Penh Domestic Service in Cambodian 1200 GMT 30 Jan 86] /8309

KOMPONG THOM MILITARY ACTIVITIES--In 1985, our militiamen and security forces in Stoung District, Kompong Thom Province, cooperated closely with the Vietnamese volunteer army in sweeping up the Pol Pot, Son Sann, and Sihanouk bandits who had infiltrated to carry out destructive activities and disrupt our people's peaceful life. We engaged the enemies 97 times, killing 68 and wounding 63; taking 14 prisoners; and seizing 10 AK's, 4 B-40's, 1 RPD, 1 B-47, 1 M-79, and a quantity of various types of ammunition, war materiel, and medicine. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 1 Feb 86] /8309

POLICE FORCE SUCCESS--A meeting was held recently at Kampot Province's police department to sum up work done by the police forces throughout the province in 1985 and to set targets for 1986. On this occasion, Comrade Mau Chandara, deputy head of an Interior Ministry department, stressed the perfidious maneuvers of the enemies who continued to create trouble and unrest among the people and use psychological warfare tactics to split the Cambodia-Vietnam solidarity, the life-or-death factor of the Cambodian revolution. He praised the quantitative and qualitative growth of the police forces from provincial to grassroots levels, growth which has made the efforts to ensure social order a big success and brought progress to combat and combat readiness, thereby causing successive setbacks for the enemies. He also urged the meeting participants to strive to enhance their fighting spirit and overcome all difficulties in smashing the Pol Pot-Sihanouk-Son Sann bandits in order to ensure peace and security for our people. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 5 Feb 86] /8309

1985 KPRAF ACTIONS--In 1985, KPRAF killed 199 enemy soldiers, wounded 141, and took 35 prisoners. We seized an assortment of 34 weapons, ammunition, and mines. We uncovered and destroyed 40 enemy secret networks, arrested 125 enemy elements, including 116 Pol Pot and 9 Sereika elements; and seized 12 weapons and some mines and documents. We persuaded 73 misled persons to return to the revolution bringing with them an assortment of 45 weapons. [Excerpt] [Phnom Penh Domestic Service in Cambodian 1200 GMT 4 Feb 86] /8309

CSO: 4212/55

INTERNATIONAL RELATIONS, TRADE, AND AID

VIETNAM-SOVIET COOPERATION: ACHIEVEMENTS AND PROSPECTS

Hanoi VIETNAM COURIER in English Dec 85 pp 3, 4, 12

[Text] The Treaty of Friendship and Cooperation concluded between the SRV and the USSR on 3 November 1978 and valid for 25 years has taken the fraternal relationship between the two countries to a new stage, one of all-sided development, both in depth and in scope. The long-term economic and scientific-technological cooperation programme between the two countries, signed on 31 October 1983, has mapped out concrete steps aimed at helping Vietnam build the material and technical bases of socialism, rapidly become an active member of the Council for Mutual Economic Assistance, and take effective part in the economic integration of the world socialist community. While the volume of cooperation in the 1975-1980 period equalled that of the previous twenty years, in 1981-1985 it has doubled in comparison with the previous five years and will increase several-fold in the last fifteen years of the 20th century.

In 1985 alone, within the framework of cooperation with the Soviet Union, the Vietnamese side has completed many new major projects: the 5.3 km-long Thang Long bridge, the longest in Southeast Asia, which helps solve the problem of communications across the Red River in Hanoi; the building complex in Xuan Mai, a project of unprecedented scale in Vietnam, which doubles residential house-building capacity in the capital; the installation of the third of the four turbine generators of the 640,000 kw Pha Lai thermo-electric power station; the first part of the Song Cong diesel-engine plant with a total capacity of 100,000 h.p./year, which will equip our fishing boats and river boats. In this year marked by the celebration of great anniversaries in Vietnam, the Soviet Union and the world, the V. I. Lenin Memorial and the Vietnam-Soviet Friendship Working People's Place of Culture were inaugurated in Hanoi. Work has also started on the building of the Ho Chi Minh Museum, with the assistance of the Soviet Union. Clearly, this has been a year of particularly fruitful Vietnam-Soviet cooperation.

This all-sided cooperation, or more accurately, Soviet assistance to Vietnam in all fields, has played a decisive role in taking Vietnam's economy from scattered small-scale production to large-scale socialist production. It has helped Vietnam build key projects in all fields: energy, fuel, machine-building, transport and communications, agriculture.... The foundations are being laid for an independent and sovereign Vietnamese economy, and a springboard created for its rapid advance to modernization.

Prime importance has been attached to the energy industry, whose task it is to pave the way for socialist industrialization. At the construction site of the 1.92-million kw Hoa Binh hydropower station, the largest in Southeast Asia, concrete is being poured for the building of the main parts of the project; the temporary canal will soon be blocked and the river water channelled into the tunnels; the No 1 turbine generator will be commissioned in 1987. At the 400,000 kw Tri An hydrpower station being constructed at a fast tempo, the No 1 turbine generator will also be put into operation in 1987, when the abovementioned Pha Lai thermo-electric power station will have been fully in operation. These large-scale projects, together with the hydropower and thermopower stations which had been built in the North with Soviet aid after the end of the anti-French war of resistance in 1954, and restored after the end of the anti-U.S. war of resistance, will make a complete national grid. To have a just idea of the scope of electrication being conducted in Vietnam at a speed difficult to attain in a developing country, it should be recalled that at the time when Hanoi was freed from the occupation of the French Expeditionary Corps, in 1954, the Vietnamese capital had only a rickety power station of 20,000 kw, that is, less than 5% of the capacity of the Pha Lai power station and 1% of that of the Hoa Binh power station.

In the field of fuel exploitation, over the last three decades, the Soviet Union has helped Vietnam re-equip, and enlarge coal mines and explore new deposits in Quang Ninh, thus increasing about tenfold its coal-mining capabilities compared with the days under French colonial rule. However, long-term strategic importance is assumed in this field by oil exploration and exploitation on the continental shelf in the South, off the coast of Vung Tau. The Vietsovpetro joint company has recorded great achievements: three exploratory drilling operations in Block Bach Ho and one in Block Hai Long have struck oil. The No 1 oil platform has been installed, the experimental well for industrial exploitation is about to be completed together with the pipeline running to the shore. There is every ground to believe that the year 1986 will see the start of the Vietnamese oil industry.

An event of major import happened just as Vietnam was at the threshold of its 1986-1990 five-year plan: the very successful talks between General Secretaries Le Duan and Mikhail S. Gorbachev in Moscow last June opened up great prospects for cooperation between the two countries in the new stage. Efforts will be centered on projects which will have an overall effect on Vietnam's economy and the development of its exports. Particularly, oil and gas exploration and exploitation on its continental shelf will be boosted and construction will be started of oil refineries and petrochemical plants, fertilizer plants and energy-generating plants consonant with the over-all plan for the development of this new industry. New machine-building plants will be constructed. The railway network will be improved and enlarged. While completing economic-technical studies for the building of a metallurgical complex, the construction of a metallurgical plant smelting scrap metal with a yearly capacity of a half million tons will be started.

The production of natural rubber is also an important sector of Vietnam-Soviet cooperation. In 1981-1985, with the material and technical aid of the Soviet Union, Vietnam has been able to grow 50,000 ha more of rubber; by the year

2000, the area under rubber will have grown to about 300,000 ha (110,000 ha in the course of the 1986-1990 five-year plan). A large-scale industrial-agricultural structure is beinb built with a view to the expansion of this topical crop of high value for both domestic industries and export. Likewise, the two countries will develop cooperation in the growing of fruit, vegetables, coffee, tea and tobacco.

Owing to the various difficulties resulting from prolonged wars, the Asian mode of production, old-style colonialism and neo-colonialism, the Vietnamese side has not always been able to make optimum use of Soviet material and technical aid. No few problems are also encountered by the Soviet side, which has to cope with increasingly savage war schemes of imperialist powers headed by U.S. imperialism while striving to honour its internationalist obligations towards the revolutionary movements of the peoples across the world--in Europe, Asia, Africa and Latin America. In order to increase the effectiveness of this co-operation and perfect their bilateral relationships on the basis of long-term plans, the various departments of the two States have worked out a programme aimed at improving the efficiency of enterprises built in Vietnam with Soviet aid in the coming five years.

Another important feature of Vietnam-Soviet cooperation is the steady development of trade relations between the two countries. The volume of goods exchanged increased from 1 billion roubles in 1982 to 1.3 billion roubles in 1984. the Soviet Union has helped Vietnam meet its needs in metals, oil p oducts, fertilizers, machine tools, various kinds of equipment, and consumer goods. In 1981-1985 in particular, the Soviet Union has supplied Vietnam with 9 million tons of oil products, over 4 million tons of nitrogenous fertilizer, nearly 1 million tons of rolled ferrous metal, 150,000 tons of cotton, 16,000 lorries and about 750,000 tons of foodstuffs.

Scientific-technological cooperation between the two countries has been developing with every passing day. At present, scientists in the two countries are conducting 88 joint studies in 23 key branches of the Vietnamese economy. A few examples in agriculture, the creation of promising fast-growth strains of rice such as Vietnam-Soviet 1-2, and Vietnam-Soviet 1-10 yielding respectively (5-6 tonnes and 10-11 tonnes per hectare per crop; and that of new high-yield strains of other cereals, vegetables, and industrial plants. The Soviet-Vietnam tropical metereological laboratory is working on perfecting the forecasting and monitoring of typhoons. With Soviet material and technical assistance, Vietnam is building the Gia Sang research station of lightning, which will help bring under control a scourge which has been causing severe losses of life and property in various areas of the country.

The Vietnam Institute of Sciences and the Vietnam Committee for Social Sciences are cooperating with the USSR Academy of Sciences in 58 study projects in 27 fields. The Soviet Union has helped Vietnam train 60,000 experts, including 20,000 university graduates and 3,000 doctors and candidate doctors of science. These do not include a body of skilled workers and technicians trained or upgraded on the job, as at the constructon sites of the Thac Ba, Hoa Binh, and Tri An hydropower stations, the Uong Bi, Vinh, and Pha Lai thermoelectric power stations, the Thang Long bridge, the Bim Son cement plant, the Van Danh and Cao Son coal mines, the Tinh Tuc tin mine, etc.

When Lenin advanced his thesis that backward nations can advance directly to socialism without going through the stage of capitalist development, he pointed out that the prerequisite for this process is assistance from the proletariat in power in developed industrial country. This brilliant thesis has found eloquent confirmation in the case of Vietnam. It is also being proved in Cuba as it has found evidence in the People's Republic of Mongolia.

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CSO: 4200/673

INTERNATIONAL RELATIONS, TRADE, AND AID

VAN TIEN DUNG'S GREETINGS TO LPA CHIEF

BK090955 Hanoi NHAN DAN in Vietnamese 21 Jan 86 pp 1, 4

[Greetings Message from Senior General Van Tien Dung, member of the CPV Central Committee Political Bureau and minister of national defense, to General Khamtai Siphandon, member of the LPRP Central Committee Political Bureau, vice-chairman of the Lao Council of Ministers, and minister of national defense on the occasion of the 37th anniversary of the Lao People's Army]

[Text] Dear comrade minister: On the occasion of the commemoration of the 37th founding anniversary of the LPA, on behalf of generals, officers, noncommissioned officers, and combatants of the VPA, and on my own behalf, may I convey to you, comrade minister, and through you to all generals, officers, noncommissioned officers, and combatants of the fraternal LPA my militant solidarity greetings and warmest wishes.

Under the leadership of the LPRP headed by esteemed Comrade General Secretary Kaysone Phomvihan, the LPA, together with the entire Lao people, has made brilliant exploits successively defeating the French colonialist and the U.S. imperialist aggressors, thus bringing Laos into a new era of peace, independence, unification, and transition toward socialism.

Entering the new revolutionary stage and developing the tradition of heroism in the war of national liberation, the LPA has strived to build its increasingly strong forces. Together with people throughout the country, it has foiled schemes and acts of sabotage of all enemies, firmly defended the fatherland's sacred territory, and protected the cause of socialist construction in the beautiful nation of Laos, thereby positively contributing to maintaining peace and security in Indochina, Southeast Asia, and the rest of the world.

The VPA is very proud of the indomitable comrade-in-arms and intimate brother as the LPA and greatly rejoices over the fine development of the special relationship which has bound the armies and peoples of our two countries.

On this occasion, I would like to express our sincere and profound gratitude to the party, state, people, and the army of Laos for their warm feelings, loyal and pure solidarity, and whole-hearted support and assistance to the Vietnamese people's revolutionary cause.

May the LPA record still greater achievements in all fields, enhance its fighting strength, firmly defend the revolutionary gains, and successfully fulfill the tasks set forth by the Third LPRP Congress.

May the militant solidarity, the special relationship, and fraternal cooperation between our two peoples and armies be further consolidated and developed.

I wish you, comrade minister, good health and many new successes in your lofty tasks.

Please accept, comrade, my respectful salutation.

/12712
CSO: 4209/283

LEADERS GREET LAO COUNTERPARTS ON BORDER TREATY

BK091022 Hanoi NHAN DAN in Vietnamese 27 Jan 86 p 1

["Text" of 24 January congratulatory message from Le Duan, general secretary of the CPV Central Committee; Truong Chinh, chairman of the Council of State; Pham Van Dong, chairman of the Council of Ministers; and Nguyen Huu Tho, chairman of the National Assembly, to Kaysone Phomvihan, general secretary of the LPRP Central Committee and chairman of the LPDR Council of Ministers, and Souphanouvong, president of the LPDR and chairman of the Supreme People's Council]

[Text] On the occasion of the signing of the complementary agreement on Vietnamese-Lao border delimitation and the protocol on the on-spot delimitation and planting of border markers on the whole length of the Vietnam-Laos border, we are extremely happy to extend to you and the Lao people our heartiest greetings and warmest sentiments.

Following the Vietnamese-Lao border delimitation treaty signed on 18 July 1977, the signing of these documents is a success of the fraternal cooperation between the parties, governments, and people of our two countries, a great victory of the special solidarity between Vietnam and Laos, and a common achievement in which our two nations can deservedly take pride.

From now on, there exists between the two countries an official border determined by treaties, delimited on the spot, and marked by a system of standard markers. The official delimitation of the national border between our two countries reflects the basic principle of the relations between the two countries--that is, mutual respect for national independence, sovereignty, territorial integrity, and legitimate interests. It is consistent with international law and practice and meets the deep aspiration of the two people to have a common border of lasting friendship. It is also an example of the combination of genuine patriotism with lofty proletarian internationalism and a manifestation of the special relations and the firm, loyal, and pure solidarity between the two fraternal parties and countries.

The party, government, and people of Vietnam affirm their determination to build the Vietnamese-Lao border into a border of eternal solidarity, friendship, and cooperation between the two countries for the sake of each country's national construction and defense and of peace and stability in Southeast Asia and the rest of the world.

We respectfully wish you good health and many greater successes in carrying out your noble tasks, thereby steadily advancing Laos to socialism.

/12712
CSO: 4209/283

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN WELCOMES CUBAN COMMUNIST PARTY CONGRESS

OW040911 Hanoi VNA in English 0659 GMT 4 Feb 86

[Text] Hanoi VNA Feb 4--NHAN DAN in its editorial today says that the 3rd Congress of the Communist Party of Cuba has a special importance for the communists, working class and fraternal people of Cuba, and at the same time, is an event in the political life of the International Communist and Workers' Movement.

The paper goes on:

"Since the 2nd Congress of the Party (December 1980), the Cuban revolution has constantly been consolidated and made firm steps forward. Although U.S. Imperialism continues its hostile policy against Cuba, and natural calamities caused a rather serious situation in the country, the heroic Cuban people, under the correct leadership of the Communist Party of Cuba headed by Comrade Fidel Castro, continue to win big successes. Cuba has defeated the enemy's wicked schemes, firmly defended the country's independence and sovereignty while fulfilling its internationalist duty."

The paper reviews Cuba's achievements in economic construction, cultural development and national defense and praises the correct foreign policy of the Cuban party and state.

It notes:

"In recent years, in spite of U.S. pressure, dozens of Latin American countries have restored or established their foreign and trade relations with Cuba, and supported Cuba's initiatives against imperialism. They have realized more and more clearly the war-like and militarists nature of the "North America Devil" and its brutal exploitation of the Latin American countries and many developing countries. Inspired by the shining example of the "free island," the Latin American peoples have strengthened unity with Cuba, rallied themselves in a common front against imperialism to defend their fundamental and legitimate interests, and strive for a new economic order."

The paper continues:

"Cuba is always a shining example for all nations in the world in their struggle for independence, freedom and social progress. Cuba is always a symbol of revolutionary offensive, indomitable will and clever combination of patriotism with noble socialist internationalism."

The paper expresses the Vietnamese people's gratitude to the Communist Party, the government and people of Cuba for their effective and precious support and assistance in the national liberation fight in the past as well as in the present construction and defense of the socialist Vietnam." [no opening quote as received].

/12712
CSO: 4200/667

INTERNATIONAL RELATIONS, TRADE, AND AID

BRIEFS

COMMUNIQUE SUPPORTS CAMBODIA STANCE--Hanoi VNA Feb 7--"The Nicaraguan Government resolutely supports the three Indochinese countries' efforts for a peaceful settlement to the Kampuchea issue on the principle of non-interference with the internal affairs of the Kampuchean people." This comes in a communique released Tuesday by the Nicaraguan Ministry for Foreign Affairs welcoming the recent Indochinese ministerial conference in Vientiane, Laos. The communique continues: "Nicaragua supports all efforts to establish a region of peace in Southeast Asia on the basis of peaceful co-existence, without external interference and threats to the countries in the region." "Nicaragua welcomes Kampuchea, Laos and Vietnam's readiness to restore the relations of friendship and cooperation with the People's Republic of China and considers them an interest for world peace," the communique adds. [Text] [Hanoi VNA in English 1544 GMT 7 Feb 86 OW] /12712

USSR AMBASSADOR BESTOWS FRIENDSHIP ORDER--Hanoi VNA Feb 7--Soviet Ambassador to Vietnam B.N. Chaplin, who acted on behalf of the Presidium of the Supreme Soviet of the USSR, today conferred the order "Friendship Among Peoples" on Nguyen Kien and Tran Dang Khoa, vice presidents of the Vietnam-USSR Friendship Association (VUFA), in recognition of their big contributions to the consolidation and development of the Vietnamese-Soviet friendship. Present at the conferment ceremony were Vu Quang, member of the Communist Party of Vietnam Central Committee and head of its international department; Nguyen Vinh, member of the CPV Central Committee and president of the VUFA, Nguyen Di Nien, assistant to the foreign minister; and others. Speaking on the occasion, Ambassador B.N. Chaplin stressed that the conferment spells out the high value for the conferees activities for the great friendship, and all-round cooperation between the Soviet and Vietnamese peoples. On the occasion of Vietnam's traditional New Year Festival, he wished the Vietnamese people further achievements in their socialist construction and national defense. Nguyen Kien and Tran Dang Khoa sincerely thanked the Presidium of the Supreme Soviet for this award and promised to do their best to make the friendship between the two peoples everlasting. [Text] [Hanoi VNA in English 1558 GMT 7 Feb 86 OW] /12712

CONGOLESE ENVOY TAKES LEAVE OF VAN DONG--Hanoi VNA Feb 7--The Ambassador Extraordinary and Plenipotentiary of the People's Republic of Congo, Jean Claude Ganga, yesterday paid a farewell visit to Chairman of the Council of Ministers Pham Van Dong before his departure home for a new assignment. [Text] [Hanoi VNA in English 1546 GMT 7 Feb 86 OW] /12712

AID TO STORM-STRICKEN PROVINCE--Hanoi VNA Feb 8--The Kampuchean Ministry of Information and Culture has offered more than 19,160 riels (Kampuchean currency) as relief to storm victims in the Vietnamese coastal province of Binh Tri Thien. The money has been delivered to the Vietnamese Embassy in Kampuchea by Vice Minister of Information and Culture Chey Sonphea. [Text] [Hanoi VNA in English 1536 GMT 8 Feb 86 OW] /12712

CSO: 4200/667

PARTY ACTIVITIES AND GOVERNMENT

PHAM VAN DONG MEETS WITH HANOI WORKERS

OW081909 Hanoi Domestic Service in Vietnamese 1100 GMT 5 Feb 86

[Station correspondent Kim Cuc's report on the Get-together Between Chairman Pham Van Dong of the Council of Ministers and representatives of the capital's workers and laborers in Hanoi on 5 February 1986--with portions recorded]

[Excerpts] A cordial and emotional get-together between Chairman Pham Van Dong and more than 200 representatives of the capital's cadres, workers, and laborers was held this morning at the office of the Hanoi Municipal Trade Union.

Chairman Pham Van Dong entered the meeting room with a happy smile and warm salutations extended to those present there who expressed their sincere sentiments through long applause.

Chairman Pham Van Dong was moved as Comrade Secretary Le Van Luong of the Hanoi Municipal Party Committee cordially expressed wishes for his good health on the occasion of the new year. Perhaps he was even more pleased when Comrade Pham Loi, secretary of the Hanoi Trade Union Federation reported on the achievements scored by the cadres, workers, and laborers of the capital in their creative labor and in the implementation of socioeconomic tasks. He attentively listened to the latter's report while taking notes on the successes achieved in a situation replete with many difficulties in life and production. Great joy appeared on his face when he was informed that, through the revolutionary movement and despite all difficulties in economy and life, the revolutionary nature of the contingent of cadres and workers in the capital had been clearly revealed in the fact that they had remained firm and steady, overcoming all hardships and ordeals and striving to fulfill all tasks in the state plan, thus proving to be a steady support of the capital's party organization and people. However, he suddenly frowned when Comrade Pham Loi reported on the shortcomings, weaknesses, and difficulties experienced in the lives of the cadres, workers, and laborers of the capital.

Sincerity, frankness, and emotion were manifested at this morning's get-together when Chairman Pham Van Dong listened to the views expressed by representatives of the workers and laborers of the capital, on their problems and responsibilities regarding life and the capital's socioeconomic development.

Labor hero Nguyen The Hung of Machine Tool Plant No 1 raised the issue of formulating a system or policy regarding high-level workers--an issue of many people's concern. As we know, there are slightly more than 3,000 high-level workers out of the 55,000 technical workers in our country. According to Nguyen The Hung, high-level workers can assume the detailed and complicated tasks in a factory or enterprise, but our country has no proper policy of treatment to encourage them to devote all their minds talents to production. Upon hearing that, Chairman Pham Van Dong suggested that a system or policy be adopted and an emulation movement for creative labor be launched to motivate and encourage all people. When sister Nguyen Thi Tam, director of the Minh Khai textile mill, spoke on the mill's efforts to stabilize production and the lives of cadres and workers, he manifested his satisfaction and joy over the great endeavor of the mill's personnel to overcome difficulties in electricity and raw materials to maintain production and work 6 and a half hours per day.

After hearing their views, Chairman Pham Van Dong had a cordial talk with the representatives. He dealt with five issues. First, he stressed the need to strive to stabilize prices and manage markets in order to create favorable conditions for life and production, because this is the most important and pressing issue that the Hanoi municipal party organization and people must settle. Second, he dealt with the issue of labor productivity. He stressed the need to provide jobs for all people in the current situation and to work in a disciplined and methodical manner in order to achieve high productivity and quality, because this is extremely important. Third, he stressed the need to keep Hanoi City clean and elegant. He said: Poverty is not a bad thing, but we must strive to keep our city cleaner, more beautiful, and more civilized so that it can stay worthy of its level and position. Further, he spoke of social order, security, and safety. He urged the people of Hanoi to settle this issue properly. Fifth, he stressed the need to motivate the masses' revolutionary spirit to settle the four issues previously mentioned. He urged the creation of a mass movement to satisfactorily implement the party's resolutions in order to reduce difficulties in production and life. According to him, these five issues should be settled by the cadres and people of Hanoi and everyone must work hard to overcome difficulties.

In a cordial and warm atmosphere, Chairman Pham Van Dong addressed representatives of the capital's workers and laborers. He said:

[Begin Pham Van Dong recording] Today, I am here to extend the greetings to you on the occasion of this early spring day and also of a historical day. But, I think this is not the most important thing. If I had only this to do, I think I would not bother you and waste your time. I have truly come here for the greetings but as well for another more important purpose. I have something to tell you. I am going to talk with you about the work relations between you and me, in the future, if you agree. I am going to suggest some things that we will do together. Later, we will continue to meet each other annually to see how we have fulfilled our mutual pledges. This is my proposal to Comrade Luong, Comrade Vy, Comrade Loi, and Comrade [name indistinct] by my side. If you agree, we will hold periodic get-togethers to review our tasks. Apart from other things, Comrade Luong spoke concisely of two important things. Then, Comrade Loi mentioned five general things in his report. As for me, I have a short article on three things for the immediate future. Has it been sent to you yet? You have it. Now, I want to clarify further. I have suggested five points. Do you comrades in charge of the city, especially those in charge of the Trade Union Federation, agree with me on these points? If you agree, we will do this: We will hold an enlarged meeting, next year. Those persons in charge of the production, distribution, circulation, scientific, technical, literary, art, health, cultural, and agricultural installations and of the wards in the inner and outlying districts and so forth will hold this enlarged meeting, if you find it necessary. We will meet next May to hear them report on their achievements. Each person will be allowed to speak for only 15 minutes. Let everyone prepare a report. If we have much time, we will hear all reports. As for me, I am ready to hear all of them. Otherwise, I will read your reports if they are available to know how you have done your jobs and what progress the capital has achieved in each period of time. [laughter and applause] [end recording]

After Chairman Pham Van Dong's address, Comrade Pham Loi, on behalf of the workers and laborers of the capital, pledged to implement what the chairman was concerned with.

[Begin Pham Loi recording] Comrade Pham Van Dong, all your suggestions are considered tasks which all workers, laborers, and trade unions of the capital must carry out in the future. On behalf of all comrades present here, I pledge to accept them as a program of action and urgent tasks which our workers, laborers, and trade unions as well as our city must implement in the future. We agree to gladly report our achievements to you on 1 May and to hold periodic working sessions with you and brief you on the efforts of the cadres, workers, and laborers of the capital in implementing the socio-economic tasks, especially the tasks suggested by you. [applause] [end recording]

On this spring day, the get-together between Chairman Pham Van Dong and representatives of the capital's workers and laborers took place in a warm and cordial atmosphere, manifesting the profound care of the party and state for the cadres and people of Hanoi City.

/12712
CSO: 4209/283

AGRICULTURE

MEASURES CITED TO 'REJUVENATE' RED RIVER DELTA

OW100825 Hanoi VNA in English 0741 GMT 10 Feb 86

[Text] Hanoi VNA Feb 9--The North Vietnam Delta, cradle of the Red River civilization was formed by the alluvium of the Red and Thai Binh Rivers. Embankment work undertaken for centuries have helped broaden the delta by 150 square kilometers and prolong it 160 kilometers seawards.

A system of 1,600 kilometers of dykes built over the years has considerably reduced the danger of and damage by annual floods. But it has at the same time alienated the whole area from its process of natural development. The silt has ceased to build up along the river banks to fill up the depressed areas and improve the soil in higher areas. In other words, "the delta has died before its maturity."

To rejuvenate the Red River Delta, a variety of measures may be applied:

a) Either to use alluvial water to irrigate the fields. This will have a salutary effect in many respects. It will improve the soil structure and gradually increase the ratie of physical clay in the soil, thus also increasing the content of nutritive substances in the soil. It will improve the chemical properties of the field: one ton of alluvium of the Red River contains 12-37 kilograms of humus, 7-14 kilos of nitrogenous sulphate and 1.5-4 kilos of superphosphate. A layer of [number indistinct] centimeters of alluvial water per hectare of ricefield will have the same effect as one ton of manure of average quality.

It may increase productivity of rice by 31% (compared with the unirrigated fields).

In 1967, about 400,000 hectares in the Red River Delta was irrigated by alluvial water. This area may be raised to 600,000-700,000 hectares.

b) Or to strongly develop pig rearing in order to increase the supply of nitrogenous fertilizer. The present number of 3 million pigs must be raised to 3.5 million in 1990 and 4.5 million in the year 2000. To this end, we have to improve the breed as well as the fodder and veterinary service in order to increase the average weight of pigs to 70-75 kilograms.

However, it should be reminded that manure contributes only 27 percent of the nitrogen needed by the rice plant.

Therefore, chemical fertilizers such as nitrogen, phosphate and potassium play a very important role in the improvement of the soil of the Red River Delta.

/12712
CSO: 4200/667

AGRICULTURE

TRANSFORMATION OF ALUMINOUS SOIL IN DONG THAP

OW082011 Hanoi VNA in English 1513 GMT 8 Feb 86

[Text] Hanoi VNA February 8--The Dong Thap Muoi (plain of reeds) in the Mekong River Delta has long been known for its vast expanses of aluminous and alkaline soil. But until recently controversy remained as how to make its alkaline and aluminous soil cultivable. A question arises: could a large-scale and thorough soil transformation program be effected in the present conditions. The answer is no since many other more urgent projects are waiting investments and equipment.

However, an interim solution has been found. It consists in combining irrigation with controlling and neutralizing acidity through an appropriate cropping system. The cajeput is chosen as a neutralizer factor. Its roots absorb acidity while its timber can be used either as fireweed or material for the paper industry. The results are encouraging as can be seen in Moc Hoa District, Dong Thap Province.

Moc Hoa which was chronically food-deficient in the past has become a main rice-producing district in the province. Annual per capita rice production is almost 600 kg, double the national average. In 1984, farmers in the district not only produced enough food for their own use but also sold the state over 100,000 tonnes of surplus rice, which is more than the district's food output in 1981 or three and a half times over the quantity of rice it sold to the state that year.

The key to success lies in applying a proper farming technique which avoids turning up the acid layer, direct sowing instead of transplanting rice seedlings, use of short-cycle rice strains and strict observance of a suitable fertilizing calendar.

/12712
CSO: 4200/667

AGRICULTURE

BRIEFS

WINTER-SPRING RICE ACREAGE--By 1985, 4.5 million hectares of cultivated land in Vietnam were being watered by irrigation projects, an increase of 600,000 hectares as compared to 1980. In central provinces, thanks to the irrigation network, the acreage of winter-spring rice has been expanded and ricefield is riping. In the Mekong River Delta provinces, the acreage of winter-spring rice and some autumn rice increased nearly 200,000 hectares as compared with 1980. [Text] [Hanoi International Service in English 1000 GMT 8 Feb 86 BK] /12712

CSO: 4200/667

TRANSPORTATION AND COMMUNICATIONS

BRIEFS

CIVIL AVIATION DEVELOPMENT--Vietnam's civil aviation has constantly developed since its foundation. The number of passengers has increased by 15 percent and freight by 150 percent in comparison with that of 1984. Many flights of Vietnam's civil aviation have served oil exploitation, forest planning, and fertilizer spraying. By now, Air Vietnam has relations with 10 other airlines. [Text] [Hanoi International Service in English 1000 GMT 7 Feb 86 BK] /12712

BRIDGES NEAR PRC BORDER--The northern border province of Lang Son has completed the building of (Ky Lua) bridge which was destroyed by Chinese aggressors in February 1979. Meanwhile, another northern border province of Hoang Lien Son also completed the construction of the (Rang) bridge. The building of these bridges is thanks to the great efforts of people in the northern border provinces who built the bridges while fighting back the Chinese acts of aggression and propagation. [Text] [Hanoi International Service in English 1000 GMT 8 Feb 86 BK] /12712

CSO: 4200/667

PUBLICATIONS

TABLE OF CONTENTS OF TRIET HOC SEP 85

Hanoi TRIET HOC in English Sep 85 pp 189-190

[Text] Contents

Nguyen Dang Quang--Methods of economic research and renovation of economic thinking.. 3

Nguyen Huy--The resolution of the 8th Plenum of the 5th Central Committee and the lesson of history on the perception and application of the law of value in our country.......................... 18

Nguyen Van Thao--The centralized, bureaucratic, subsidy-based system of economic management: its causes and consequences............ 39

Duong Phu Hiep--The requirements for the functioning of social laws in the period of transition to socialism.......................... 52

Le Huu Tang--The place occupied by needs and interests in the system of motive forces of social development.......................... 62

Nguyen Chi My--Petty-bourgeois short-sightedness in the perception of objective laws and the implementation of the Party's line on socialist construction: some reflections.............. 81

Thanh Duy--To "live, fight, work, and study following the example set by Uncle Ho": how to foster the revolutionary ideal and socialist ethics in the young generation.................... 103

Hoang Ngoc Di--The unity of objective, motivation, and result in President Ho's thinking on education............................. 113

Duong Thoa--The misery and humiliation suffered by native women and President Ho's viewpoint on the emancipation of Vietnamese women.. 129

Nguyen Van Nghia--Lenin's "Philosophical Notes"......................... 148

Books

--The Beautiful, a Value.. 161

Information

--Symposium on the "Ideological struggle between the two systems in Vietnam in the 1980's".. 169

--The second Conference on Aesthetics: the aesthetic aspect of the period of transition to socialism................................ 173

--Some viewpoints on development..................................... 175

--Dostoievski's legacies and our times................................ 182

/6091
CSO: 4200/679

PUBLICATIONS

TABLE OF CONTENTS OF KHOA HOC VA KY THUAT NONG NGHIEP DEC 85

Hanoi KHOA HOC VA KY THUAT NONG NGHIEP in English Dec 85 p 530

[Text] Contents

Tran Dinh Mien. Economic crossing of pigs in Vietnam.................. 531

Dao The Tuan,... Flood tolerant ability of some deep water-rice varieties at various growth stages............................ 536

Ha Minh Trung. Rice diseases in S.R. Vietnam........................... 540

Le Viet Phung. Catalysis current polarography for past analysis of molypdene traces.. 546

Nguyen Huu Te... The efficacy of the herbicide "Saturn" on different N background in rice-fields................................ 550

Nguyen Dang Than,... Effects of soil moisture, ploughing depth and velocity of combines on the specific resistance of land when ploughed.. 552

Pham Van Lang. Designing iron clinging cogs fixed on wheed tractors working in high-moisture field............................... 556

Phan Cu Nhan,... Genetical and biochemical polymorphism of protein systems in blood serum milk and hemoglobin types of Large White and Vietnamese pigs.................................. 560

Dinh Hong Luan,... Initial evaluation of Mong Cai pigs reared on the Dong Trieu state farm.. 562

Phan Thanh Phuong. Study on preparation of a highly effective emulsion vaccine against Bovine Haemorrhagie Septicaemia.............. 564

/6091
CSO: 4200/679

TABLE OF CONTENTS OF TAP CHI HOAT DONG KHOA HOC DEC 85

Hanoi TAP CHI HOAT DONG KHOA HOC in English Dec 85 back cover

[Text] Contents

Vo Nguyen Giap--To acquire a deeper notion on the special importance of the sea, to strive to the utmost to build a scientifico-technical sea-potential, to build and develop the economic and social life on the sea-zone of our country more solidly every day....... 1

Nguyen Manh Kiem--40 years of activity of R and D in civil and industrial building.. 10

Nguyen Hung--The mechanical industries in the service of the programme of production of building materials and turf in the southern provinces.. 15

Vu Cao Dam--To implement the Resolution No 8 in its spirit in order to increase the efficacity of scientific management............... 18

Le Hong Man, Nguyen Phuc Do, Le Hong Hai, Tran Long--To implement the technical progress: "the egg-laying cross-bred trade hen" into production.. 24

Vo Tri Chung--To retrieve ecological systems in southern zones, chemical poison-polluated.. 26

Tu Giay--On the programme 64-02: results of 5 years of activity.......... 28

Pham Ngoc Hung--Results of the research theme 04-01-01-07 (on prevention and extinction of forest fires)............................. 33

Le Tam--Nuclear winter.. 37

List of publications in 1985.. 39

News on Scientifico-Technical Activities................................ 45

/6091
CSO: 4200/679

TABLE OF CONTENTS OF VIETNAM COURIER DECEMBER 1985

Hanoi VIETNAM COURIER in English Dec 85 p 2

[Text]

A Quick Look at the Departing Year 1

Allround Vietnam--Soviet Cooperation: Achievements and Prospects 3

Indira Gandhi, India's Vivid Symbol 5

The Future Is With Them 7

Binh Tri Thien Ten Years After the War 8

The Tien Bo Printing Office Stands in the Van 11

The Fruitful Experiments of a Woman Manager 13

The Seventh Vietnamese Film Festival 15

The Central Science and Documentary Films Studios 17

A Land of Remembrances 18

The Improvement of Vegetal and Animal Strains in Vietnam 20

Humanism and Leprology 22

Economic Growth in Laos 24

Chronology 28

Index 29

Front Cover: The Song Con diesel-engine factory.
Photo: Tran Son

/9274
CSO: 4200/678

CHRONOLOGY FOR 16 OCTOBER-15 NOVEMBER 1985

Hanoi VIETNAM COURIER in English Dec 85 p 28

[Text] (16 October--15 November 1985)

October

23-26. Ho Chi Minh City: Holding of a conference of heads of Cinematographic Associations of socialist countries. Minutes are signed on cooperation between these Cinematographic Associations.

28. Hanoi: Signing of an agreement on cooperation between Vietnam and Sweden related to Swedish help to Vietnam in the second phase of the restoration of the Thu Duc thermopower plant.

31 October-1 November. A delegation of representatives of thirty large U.S. business companies and the Time publishing group pays a visit to Vietnam

November

1-7. A two-member delegation of the Indonesian Lawyers' Association comprising Mr Hasan Wargakusumah, director of the Centre for Legal Research of the Ministry of Justice and Mr Arman Bustamah, department head at the Ministry of Mining and Energy, pays a visit to Vietnam.

6. A delegation of the Italy.--Vietnam Friendship Association, headed by Enzo Agnoletti, Vice Chairman of the Senate, Chairman of the Italy-Vietnam Friendship Association, pays a friendship visit to Vietnam.

--Hanoi: Holding of the third regular meeting of leaders of General Political Departments of the armies of the three Indochinese countries.

8. Baghdad: Holding of a "Vietnam Day" at the Banghdad International fair. Taha Yassin Ramadhan, First Deputy Premier and member of the Revolutionary Leadership Council, visits the Vietnamese pavilion.

12-13. Holding of a conference of the Asian Buddist Committee for Peace in Hanoi, with the participation of 14 Buddist organizations from 13 countries.

13-15. Holding of the 34th regular meeting of leaders of the socialist countries' sports and physical culture organizations with the participation of representatives of member countries.

12. Holding of a press conference by the Libyan People's Office in Hanoi to condemn U.S. actions against the Libyan people. Representatives from Vietnamese offices and mass organizations attend the conference and express condemnation of the U.S. actions. They confirm Vietnam's strong support for the Libyan people's just struggle.

13. A delegation of U.S. experts on the problem of American MIAs, headed by Colonel I. B. Harvey, arrives in Hanoi to attend the regular meeting of experts. A crash site on the outskirts of Hanoi, where a U.S. bomber was shot down during the war, will be excavated.

14-22: A delegation of the SRV National Assembly, headed by its Chairman Nguyen Huu Tho, pays an official friendship visit to the GDR.

16. Ulanbator: Signing of a commercial agreement for 1986-1990 and a protocol on goods exchange for 1986 between Mongolia and Vietnam.

16-17. A delegation of political leaders of the Soviet Army and Navy led by Admiral A. I. Sorokin, first Deputy-Chief of the General Political Department of the Soviet Army and Navy, pays a friendship visit to Vietnam.

16-19. A delegation of the National Planning Commission of Hungary led by Dr. Lajos Fabuvegi, member of the Hungarian Socialist Workers' Party Central Committee, Vice-Chairman of the Council of Ministers, and head of the National Planning Commission pays a visit to Vietnam. Minutes are signed on the coordination of the two countries' national economic planning for 1986-1990.

16-23. A high-ranking delegation of the Ethiopian Worker's Party (EWP), led by Legesse Asfaw, Political Bureau member, Secretary of the EWP Central Committee, and head of its Commission for Organization, pays a friendship visit to Vietnam.

17-24. Delegations of the Soviet, Lao and Kampuchean women's associations pay friendship visits to Vietna. The delegation of the Soviet Union is led by G. Alyevtina, representative of the Soviet Women's Committee; the Lao delegation by Kampheng Boupha, President of the Lao Patriotic Women's Association; and the Kampuchean delegation by Mean Sam An, President of the Kampuchean Women's Association.

18-24. A 15-member economic and commercial delegation of Indonesia, led by Djukardi Odang, Chairman and General Director of the Pantja Niaga Corporation, pays a visit to Vietnam to exchange views on measures to develop cooperative and trade relations in the near future between Indonesia and Vietnam.

[illegible]8-24. A delegation of the Indonesian Defence Institute, led by its director, major General Subjato, pays a visit to Vietnam.

21-23. A delegation of the Arab Parliamentary Union, headed by Bouraoui Abdel Rahman, its General Secretary, pays a visit to Vietnam.

22. Prague: Signing of a protocol on cooperation for 1986 between the Ministry of Labour of Czechoslovakia and the Vietnam General Department of Job-training.

/9274
CSO: 4200/678

END

JPRS-SEA-86-036

26 February 1986

Southeast Asia Report

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JPRS-SEA-86-036

26 February 1986

SOUTHEAST ASIA REPORT

CONTENTS

INDONESIA

Australian Approval of Transmigration Program Claimed
(Jakarta Domestic Service, 3 Feb 86) 1

Suharto Receives Turkish Public Works Minister
(Jakarta Domestic Service, 4 Feb 86) 2

Dailies View PNG Foreign Minister's Visit
(Various sources, 3 Feb 86) 3

Papers Look at Relations With Papua New Guinea
(Jakarta Domestic Service, 4 Feb 86) 4

Indian Parliamentarian Calls on Suharto
(Jakarta Domestic Service, 4 Feb 86) 5

Briefs
Aircraft Industry Corporation Renamed 6
Gratz Speaks to Newsmen 6
Trade Mission To Visit Eastern Europe 6

LAOS

Kaysone Phomvihan Greets Cuban Party Congress
(Vientiane Domestic Service, 3 Feb 86) 7

Aid Relationships With SRV, USSR, PRK Described
(PASASON, 2 Dec 85) 9

Hanoi Hands Over Herbal Medicine Factory
(VIENTIANE MAI, 16 Dec 85) 11

Sisavat Keobounphan Addresses Vientiane Meeting
(Vientiane Domestic Service, 30 Jan 86) 12

Growth of Chemical Combat Forces Discussed
(Vientiane Domestic Service, 3 Feb 86) 13

Domestic Trade Official Writes on New Economic Incentives
(PASASON, 27 Dec 85) 15

'Talk' Criticizes Kissinger Visit to Thailand
(PASASON, 21 Dec 85) 16

Column Warns Against Postal Violations
(PASASON, 6 Dec 85) 17

Column Warns Against Cultural Vices, Thai Videos
(Sengsouli Sonsoulin; VIENTIANE MAI, 30 Dec 85) 18

Column Describes Death Benefit Procedures
(VIENTIANE MAI, 25 Dec 85) 20

Briefs

Vientiane Rice Harvest 21
Powdered Coffee Production 21
Store Opening, Kip Value 21
Vientiane Cooperative Totals 21
Sayaboury Anti-Aircraft Training 22
Aid to SRV Province 22
Trade Union Anniversary 22
Trade Union Rally 22
WFDY Delegation Departure 23
WFDY Delegation Visit 23
Sisomphon Lovansai Addresses Conference 23
Medals Conferred on Cuban Leaders 23
Ho Chi Minh City-Aided Factory 24
Column Clarifies Wage Policy 24
Identity Cards Required 24

MALAYSIA

Religious Issues Threaten Peace: Musa
(NEW STRAITS TIMES, 5 Jan 86) 25

Border Problems With Thailand Examined
(Maria Samad; THE STAR, 14 Jan 86) 27

PAS To Contest National Election Alone
(Zainal Epi; THE STAR, 2 Jan 86) 29

MCA-Gerakan Joint Body To Meet
(Calvin Goh; NEW STRAITS TIMES, 6 Jan 86) 30

Commentary Views Foreign Trade Ties With Poland, Belgium
(Kuala Lumpur International Service, 3 Feb 86) 31

Miner Views Tin Markets, Speculates on Price
(BERNAMA, 3 Feb 86) 33

Briefs
Tin Market Resumes Trading 35
Price of Tin Slips Lower 35
Foreign Workers To Be Phased Out 35
MCA Leadership Meets 35
Protest Note Presented to Singapore Envoy 36

PHILIPPINES

Marcos' Wage Policy Remarks Called 'Potentially Explosive'
(Ramon R. Isberto; BUSINESS DAY, 7 Feb 86) 37

Food Authority Allows Import of U.S. Wheat
(BUSINESS DAY, 6 Feb 86) 39

Disbursement of Rural Support Program Funds Delayed
(BUSINESS DAY, 4 Feb 86) 41

Sugar Funds Diversion Could Hamper Price Stabilization
(BUSINESS DAY, 5 Feb 86) 42

Trust Fund Money Released for Sugar Producers
(BUSINESS DAY, 6 Feb 86) 44

Big Copper Producer Suspends All Operations
(Noel D. De Luna; BUSINESS DAY, 4 Feb 86) 45

BUSINESS DAY Reports Enhanced Tax Collections
(BUSINESS DAY, 5 Feb 86) 47

Opposition Criticizes Terms of Transport Firm Sale
(BUSINESS DAY, 7 Feb 86) 49

Makati Judges Throw Out Petition on 'Flying Voters'
(Gethsemane M. Selirio; BUSINESS DAY, 5 Feb 86) 51

THAILAND

VOFA Notes Cambodian Resistance's New Tactics
(Bangkok Voice of Free Asia, 30 Jan 86) 53

VOFA Says SRV Creating Another 'Killing Field'
(Bangkok Voice of Free Asia, 30 Jan 86) 56

Dissident MP's Contemplate Forming New Parties
(BANGKOK POST, 2 Feb 86) 58

Advisor Interviewed on Economic Policy, Trends
(Anat Aphaphiron Interview; MATICHON, 23 Dec 85) 59

Thailand Bases Tin Trading on Malaysian Market
(Bunsong Kositchotthana; BANGKOK POST, 3 Feb 86) 64

Foreign Ministry Given List of USSR Scholarships
(THE NATION, 7 Feb 86) 66

Paper Welcomes KPNLF Attempts To Heal Rifts
(Editorial; BANGKOK POST, 6 Feb 86) 68

3 Soldiers Injured by Stepping on Booby Traps
(THE NATION, 4 Feb 86) 70

Navy Commander Interviewed on Service Role
(Niphon Sirithon Interview; BANGKOK POST, 2 Feb 86) 72

Briefs

Need for U.S. Lobbying Effort 76
Attacks on Karens Feared 76
Poland Offers Scholarships 76
Security Council Checks Soviet Scholarships 77

CAMBODIA

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK Praises Army on Founding Anniversary
(Voice of Democratic Kampuchea, 16 Jan 86) 78

VONADK on SRV, PRK 'Lies' About 1985 Crops
(Voice of the National Army of Democratic Kampuchea,
22 Jan 86) 80

Thai Foreign Minister's Reply to Khieu Samphan
(Voice of Democratic Kampuchea, 22 Jan 86) 82

VODK Criticizes SRV Stand on 'Two Issues' of Conflict
(Voice of Democratic Kampuchea, 30 Jan 86) 83

VODK Calls on USSR To Stop Aiding Vietnam
(Voice of Democratic Kampuchea, 31 Jan 86) 85

Clandestine Radio Reports Battlefield Activities
(Various sources, various dates) 87

Battle Results for January 87
VONADK Battle Reports 88
CGDK Forces' Actions 90
4 Villages 'Liberated' 91
SRV, Heng Samrin Troop Movements 91

Battle Successes by Resistance 91
SRV Force Attacked in Battambang 92
Rockets Fired Into Battambang 92
SRV Strafes Villages 92
1 Township, 5 Villages 'Liberated' 93
CGDK Military Activities 93
50 Vietnamese Soldiers Killed 95

Clandestine Radios Report Battles, Skirmishes
(Voice of the Khmer, 22 Jan 86, Voice of the National Army of Democratic Kampuchea, various dates) 96

3-12 Jan Guerrilla Attacks 96
17-23 Jan Battle Reports 96
Various Battlefields 98
22 SRV Prisoners Taken 99
3,000 'Freed' 21 Jan 100
9 Villages 'Liberated' 101
SRV Forces Shell Camp 101
DK Forces Attack Sisophon Township 102
SRV Aircraft Strafe Villages 102

Briefs

Death of Challenger Crew 103
Sihanouk Visits China 103
Sihanouk Commends Victories 103

VIETNAM

MILITARY AFFAIRS AND PUBLIC SECURITY

Vietnamese Troops in Laos Awarded Hero Title
(Hanoi Domestic Service, 3 Feb 86) 105

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN Marks Economic Relations With Poland
(VNA, 7 Feb 86) 106

Comment on Impact of Challenger Explosion
(Hanoi Domestic Service, 5 Feb 86) 107

Briefs

Chairman Meets WFDY Delegation 109
Aid to PRK Province 109
Leaders Greet Sri Lankan Counterparts 109

PARTY ACTIVITIES AND GOVERNMENT

Pham Van Dong Addresses 3 February Hanoi Get-Together
(Hanoi Domestic Service, 3 Feb 86) 110

Truong Chinh Addresses 5th National Heroes Congress
(NHAN DAN, 17 Jan 86) 111

Radio Reports Increase in CPV Membership in 1985
(Hanoi Domestic Service, 2 Feb 86) 113

Briefs
Pham Van Dong Visits Ha Son Binh 114
Party for Lunar New Year 114

ECONOMIC PLANNING, TRADE, AND FINANCE

Pham Hung Addresses Customs Sector Conference
(NHAN DAN, 17 Jan 86) 115

AGRICULTURE

SRV Agriculture Minister Says 'Material Bases Remain Weak'
(AFP, 5 Feb 86) 117

Forestry Ministry Holds Conference in Hanoi 4 February
(Hanoi Domestic Service, 4 Feb 86) 119

AUSTRALIAN APPROVAL OF TRANSMIGRATION PROGRAM CLAIMED

BK030646 Jakarta Domestic Service in Indonesian 0600 GMT 3 Feb 86

[Text] Transmigration Minister Martono told a working meeting with Parliamentary Commission IV this afternoon that the Australian Parliament now realizes the significance of the transmigration program for the Indonesian people. He added that after a visit to Irian Jaya, several Australian members of parliament described the transmigration program as a humanitarian program to elevate the Indonesian people's dignity.

The working meeting between Minister Martono and Parliamentary Commission IV discussed allocations for the transmigration sector in the 1986-87 draft state budget. The sector has been allocated 345 billion rupiah with 325 billion rupiah being derived from the development budget and 20 billion rupiah from the routine budget. A total of 150,000 families will be resettled under the transmigration program in 1986-87.

Today, Parliamentary Commission VI is holding a general hearing with the Small Industries Department of the Chamber of Commerce and Industry.

/8309
CSO: 4213/95

SUHARTO RECEIVES TURKISH PUBLIC WORKS MINISTER

BK040750 Jakarta Domestic Service in Indonesian 0700 GMT 4 Feb 86

[Text] President Suharto hopes that Indonesia and Turkey will undertake cooperation in inventing new methods in the construction field. The head of state said that for example Indonesia's "chicken-feet" construction method could be used by contractors of the countries in undertaking projects in third countries. Similarly, any new construction methods invented by Turkey could be used by Indonesia. This was stated by State Minister for Public Housing Cosmas Batubara at Bina Graha this afternoon after accompanying Turkish Public Works and Resettlement Minister Safa Giray and his four-member delegation during a courtesy call on President Suharto.

According to Minister Cosmas Batubara, Indonesia can also cooperate with Turkey in the fields of tourism and the construction of apartments, in which the latter has more experience.

/8309
CSO: 4213/95

DAILIES VIEW PNG FOREIGN MINISTER'S VISIT

BK071255 [Editorial Report] Two English-language Jakarta dailies--THE INDONESIA TIMES on 1 February and THE JAKARTA POST on 3 February--and Indonesian-language Jakarta daily KOMPAS on 3 February carry editorials commenting on PNG Foreign Minister Legu Vagi's visit to Indonesia.

THE INDONESIAN TIMES' 1 February 550-word page 4 editorial entitled: "Welcome to Legu Vagi" notes that while the visit is the PNG foreign minister's first visit to Indonesia, he is no stranger to Jakarta because he served as a PNG diplomat in Jakarta for several years. The daily says that Legu Vagi is expected to present a new proposal to the Indonesian leaders on ways to solve the question of border crossers from Irian Jaya. As for the PNG's recent interest in joining ASEAN, the daily says: "If this topic comes up for discussion, we are of the opinion that Indonesia should support it." The daily also welcomes PNG's desire to place a military attache in Jakarta because this will enable Indonesia to reassign its military attache in Port Moresby.

THE JAKARTA POST's 3 February 600-word page 4 editorial entitled: "Mr Vagi's Visit" says that it is probably too premature to call the 2-day visit of the PNG foreign minister a success because genuine success of the talks between both countries' foreign ministers can only be measured after some years when the ideas agreed upon during the talks show positive results. The daily continues: "However, we think a solid basis has been established by both sides that could enhance Indonesia-PNG relations." The daily also stresses that "Indonesia is ready to be a dependable partner in PNG's struggle for progress and self-esteem, thereby confirming the solidarity between the two developing nations."

KOMPAS's 3 February 700-word page 4 editorial entitled: "Indonesia-PNG Cooperation" notes that the new PNG Government headed by Prime Minister Paias Wingti has tried to introduce a new element in the question of Irian Jayan border crossers by involving the UN high commissioner for refugees. However, the daily points out that "as far as Indonesia is concerned, it prefers to keep the issue a bilateral one because third party involvement is not necessary."

The daily concludes by reiterating that if Legu Vagi returns home convinced that closer bilateral relations with Indonesia or with ASEAN are necessary, he can consider his first overseas trip a success.

/12232
CSO: 4213/97

PAPERS LOOK AT RELATIONS WITH PAPUA NEW GUINEA

BK040724 Jakarta Domestic Service in Indonesian 0600 GMT 4 Feb 86

[From the Press Review]

[Text] Commenting on Indonesian-Papua New Guinea relations in conjunction with Foreign Minister Legu Vagi's recent visit to Indonesia, ANGKATAN BERSENJATA says that the two countries seem to have realized that the border issue is temporary in nature and can eventually be settled. Accordingly, the issue should in no way hamper mutually beneficial cooperation in other fields such as trade, technology, and culture. It is to be hoped that the agreement on mutual respect, cooperation, and friendship announced by Foreign Ministers Mokhtar and Vagu in Jakarta will be implemented and translated into reality.

MERDEKA views this development as a step forward in Indonesian-Papua New Guinea relations. However, MERDEKA warns against turning the Indonesian-Papua New Guinea agreement into a future Asia-Pacific Community concept. The agreement should be purely bilateral in nature.

/8309
CSO: 4213/95

INDIAN PARLIAMENTARIAN CALLS ON SUHARTO

BK040704 Jakarta Domestic Service in Indonesian 0600 GMT 4 Feb 86

[Text] The chief of an Indian parliamentary delegation, Bal Ram Jakhar, said in Jakarta today that both India and Indonesia, which have achieved self-sufficiency in food, could also undertake scientific and technological cooperation. Bal Ram Jakhar said this morning, after paying a courtesy call on President Suharto at Bina Graha, that they exchanged views on the possible promotion of bilateral relations and cooperation in various fields. They also discussed the issues of democracy, social justice, and international peace and efforts to achieve world peace.

During the courtesy call, the six-member Indian delegation was accompanied by Amir Makhmud, chairman of the House of Representatives and the People's Consultative Assembly, and Indian Ambassador to Indonesia (P.C. Khanna).

/8309
CSO: 4213/95

BRIEFS

AIRCRAFT INDUSTRY CORPORATION RENAMED--State Minister for Research and Technology Habibie said today [5 February] that President Suharto had approved a plan to rename the Bandung-based Nurtanio Aircraft Industry Corporation as the Nusantara Aircraft Industry Corporation. The president will soon issue a letter of decision to this effect. [Summary] [Jakarta Domestic Service in Indonesian 0600 GMT 5 Feb 86 BK] /12232

GRATZ SPEAKS TO NEWSMEN--Austrian Foreign Minister Leopold Gratz has stated that the decision taken by the Austrian Government to join the Intergovernmental Group on Indonesia--IGGI--will create a basis for the promotion of economic relations between Austria and Indonesia. Speaking to newsmen in Jakarta last night before leaving Indonesia for Hanoi, Minister Gratz further said that Austria was expected to become a new member of IGGI this year. Concerning bilateral economic relations between Indonesia and Austria, Minister Gratz said the two countries had a potential basis for the development of two-way trade activities. Austria wants to step up bilateral trade by not only increasing its exports of commodities but also expanding its imports from its partners, he added. [Text] [Jakarta International Service in English 0800 GMT 5 Feb 86 BK]/12766

TRADE MISSION TO VISIT EASTERN EUROPE--Jakarta, Feb 6 (AFP)--Indonesia is to send a high-powered trade mission to six East European countries and Austria in April in another major effort to boost non-oil exports. A spokesman for the Indonesian Chamber of Commerce and Industry (KADIN) said the socialist countries to be visited by the delegation were Yugoslavia, Bulgaria, Romania, Poland, Czechoslovakia and Hungary. The trade delegation plans to stay at least 2 days in each country to explore the possibilities of selling both agricultural commodities and industrial products, KADIN executive Jukardi Odang, who also heads the state trading company Panca Niaga, told newsmen yesterday. The delegation is to be comprised of KADIN leaders and high-ranking officials of the Trade Ministry and Foreign Ministry. In the light of increasing protectionism in industrialized countries and in a bid to offset a drastic fall in its oil income, Indonesia has made concerted efforts to boost trade with socialist countries. A similar mission visited the Soviet Union and East Germany in 1984. [Text] [Hong Kong AFP in English 1502 GMT 6 Feb 86 HK]/12766

CSO: 4200/658

KAYSONE PHOMVIHAN GREETS CUBAN PARTY CONGRESS

BK040213 Vientiane Domestic Service in Lao 1400 GMT 3 Feb 86

[2 February greetings message from LPRP Central Committee General Secretary Kaysone Phomvihan to third congress of Communist Party of Cuba]

[Text] Beloved comrades, on behalf of the LPRP, the working class, and the people of Laos, we would like to extend warm salutations, wholehearted greetings, and close solidarity and sentiments to the third congress of the Communist Party of Cuba, and through the congress, to all communist youths, the working class, and fraternal people of Cuba.

In the past, under the leadership of the Communist Party of Cuba with beloved and respected Comrade Fidel Castro as leader, the heroic and industrious Cuban people have successfully overcome various difficulties and obstacles and scored great victories and achievements in defending and building Cuba--the first socialist state in the western hemisphere. Under the beacon of the resolutions of the second congress of the Communist Party of Cuba, the Cuban people have led their revolutionary cause to firmly march forward. Agriculture and industry have been rapidly developed and modernized with each passing day while new, outstanding steps have been achieved in the cultural and social field. The national defense potentials have been daily consolidated and strengthened. The people's living standard has been increasingly raised to an ever higher level. At the same time, the Cuban people have worthily fulfilled their international obligations toward revolutionary and progressive movements in the world.

These victories and achievements of the Cuban people have significantly contributed to the enhancement of the cohesion and the strength of the socialist community. They have served as a vigorous encouragement for the various nations in their movements to struggle for peace, national independence, democracy, and social progress. They have also positively contributed to the movements of the nonaligned countries. As a result, the role and prestige of Cuba have been daily raised to a higher level in the international arena. The victories of the Cuban revolution are of special significance in the circumstances under which Cuba has to thwart the threats, provocations, and blockades of the North American imperialists.

The victories of the Cuban people are considered as victories of the correct line and leadership of the Communist Party of Cuba--a genuine Marxist-Leninist party which knows how to firmly combine the national strength with the strength of the era with the socialist system as core. The Lao people are proud and jubilant over the aforesaid victories and achievements of the fraternal Cuban people and regard those victories and achievements as our own. We are pleased to note that the time-honored friendship and militant solidarity between the peoples of our two countries have been daily strengthened and developed.

On this glorious occasion, we would like once again to express profound gratitude to the party, government, and fraternal people of Cuba for having always given precious support and assistance to our Lao revolutionary cause. We wish the third congress of the Communist Party of Cuba glorious success.

May the friendship, militant solidarity, and close cooperation between the LPRP and the Communist Party of Cuba and between the governments and peoples of Laos and Cuba be further strengthened and developed with each passing day!

[Signed] Kaysone Phomvihan, general secretary of the LPRP Central Committee.

[Dated] O Vientiane, 2 February 1986.

/9738
CSO: 4206/64

AID RELATIONSHIPS WITH SRV, USSR, PRK DESCRIBED

Vientiane PASASON in Lao 2 Dec 85 pp 2, 4

[Excerpt] During the past years, official goodwill visits by party and state Lao and Vietnamese delegations, the 1977 Joint Treaty of Friendship and Cooperation in particular and also the signing of agreements of cooperation in various areas between these two countries has made the special relation and total cooperation between the states, governments and peoples of these two brotherly nations deepen and grow without limit.

Along with solidarity in their foreign policies, the two parties and governments have given mutual support in defense, security, and fighting against enemy interference in order to protect the fruits of each country's revolution. Total cooperation has expanded more in each country since the summit among the three Indochinese countries (22-23 February 1982) in Vientiane Capital. Economic cooperation committees, technical and scientific cooperation groups and more sections responsible for these tasks have been set up.

There has been mutual aid in development planning, surveying and designing production grounds, natural resource research, building plants for machinery, factories, warehouses, social service units, road and bridge construction, technical and scientific training of cadres, crossborder transportation, trade, a technical and science experts exchange program, and an educational field trip program. There have been grants and long term loans. For some programs, both countries have joined to develop, and provinces and cities have been twinned.

Each side has benefited from this cooperation. They are both interested in the quality and the results of cooperation. During these past 10 years, aid has been divided between grants, for 62 percent, and long-term loans, for 38 percent. We have sped up economic and scientific tasks, trade, crossborder transportation and technical training for cadres. A total of 177 sites for technical development have been completed, while 45 sites are being constructed. There has been cooperation in forestry research, mining, and the construction of Route 8. There has been cooperation between the two Indochinese countries of Laos and Vietnam and the Soviet Union in the construction of Route 9 and an oil pipeline from Vinh District (SRV) to Vientiane and cooperation in using Danang port. We have been developing conditions so that our country can receive aid from socialist countries in order to destroy schemes against us, to shut the door on imperialist economic influences and to defeat all reactionary movements.

Laos and Kampuchea have been successfully helping each other. Since 1975, Laos has given aid worth $2.2 million. Kampuchea in turn has given raw rubber and powdered medicine. We trade with Kampuchea. Kampuchea exports tires, mung beans, soy beans, rubber sandals, electric irons and other goods to Laos. Laos exports coffee, plywood, fabrics, household goods and other products. There are also educational, cultural, informational, public health, sporting and art show exchanges, delegation visits, medical assistance and training for cadres. Laos has built a 30-bed hospital for Kampuchea.

Communications and transportation during 1983-1984: Cadres of both countries have been sent to different areas to oversee roads, warehouses and the transport systems between the southern provinces of Laos and the northern provinces of Kampuchea.

Kampuchea has repaired the Kanang Bridge to facilitate transportation to Laos from warehouses in Kratie District. Kampuchea has expressed its willingness to allow Laos to use Kampong Som port.

Kampuchea and Laos have signed a cooperative agreement in finance and banking aiming to expand continuously these tasks and to strengthen their special relations and cooperation.

Cooperation and aid between Laos and the Soviet Union have been gigantic, total and successful. Aid from the great party, state and Soviet people has contributed directly to the victories of the Lao revolution in each period of the liberation struggle and also during the reform and construction period over the past 10 years. Fifty project grants and loans to Laos by the Soviet Union have been made.

To the present, many projects have been completed successfully and are under way. Project grants are 95 percent completed, while loan projects are 62 percent completed. An "intersputnik" satellite radio communications system station, agricultural machinery repair garages, the Nam Ngum Bridge, and the Nam Neuna Bridge and Bridge 1 (across the Sebanhieng Rapids) are under construction, as are the Nam Kading Bridge, 800 square meters of petroleum tank farms, a petroleum pipeline line survey, a polytechnical school, a 150 bed hospital, Xieng Khouang Airport, auto repair garages, Route 9 and other road construction, five supply units, a building construction supply unit, international merchandise transport organization, a state transport organization, and auto repair garages in different provinces.

In general, all aid given by the Soviet Union to the LPDR since 1975 up to the present has been important for the revolution and for reforming the development of socialism in Laos. The Soviet Union's aid to the LPDR covers 50 percent of international aid.

12597/12859
CSOP 4206/54

HANOI HANDS OVER HERBAL MEDICINE FACTORY

Vientiane VIENTIANE MAI in Lao 16 Dec 85 pp 1, 4

[Article: "Handing-over Ceremony for a Traditional Medicine Factory"]

[Text] In order to carry out the agreement on economic and cultural cooperation between the two capitals of Hanoi and Vientiane, which was signed on 4 June 1984, and also the agreement on cooperation between the public health sections of the two capitals, which was signed on 5 September 1984, Hanoi Capital sent equipment for use in producing traditional medicine in Vientiane Capital to the sections that produce tonics, medicinal powder, and medicinal syrup. The medical materials supply company in Hanoi Capital helped in buying, transporting, installing, and guiding in tests for primary production. The construction of the medicine factory was completed in mid-November 1985.

A ceremony was held on the morning of 13 December in the traditional medicine factory to hand over the factory officially. Mr Nguyan Hung Huu, chief of the medical materials supply company in Hanoi Capital, represented the public health service of Hanoi Capital in signing the paper to hand the factory over, and Dr Siboulommavong, assistant chief of the Vientiane Capital public health service, signed to accept the factory in the presence of Dr Siho Bannavong, assistant chairman of the Vientiane Capital Administrative Committee; Mrs Outha Ki, chief of the public health service in Vientiane Capital; and a number of other cadres concerned.

Mr Nguyan Dinh Hiep represented the party committee and the Hanoi Capital People's Committee in Vientiane Capital and his team were also honored attendants.

This traditional medicine factory in Vientiane Capital is the first medicine factory, and it is one of the projects in cooperation between the two capitals, Vientiane and Hanoi, in the 1985 cooperation plan.

9884/12790
CSO: 4206/50

SISAVAT KEOBOUNPHAN ADDRESSES VIENTIANE MEETING

BK011429 Vientiane Domestic Service in Lao 0000 GMT 30 Jan 86

[Text] The committee in charge of parading in Vientiane municipality held a ceremony at Vientiane theater on the afternoon of 25 January to review experience and evaluate the results of the parade organized to display achievements of cadres and workers from various services in the municipality on the occasion of the celebrations of the 10th anniversary of the 2 December National Day. Sisavat Keobounphan, secretary of the LPRP Central Committee and secretary of the party committee of Vientiane municipality, attended the ceremony.

On this occasion, Sisavat Keobounphan addressed the gathering. He wholeheartedly praised and hailed the outstanding achievements of cadres, workers, students, and children in participating in the National Day activities, thus contributing to making the celebrations joyful and bringing pleasure to the masses and local and foreign guests.

Sisavat Keobounphan also pointed out the special aspects and important significance of 1986--the 1st year for the implementation of the second 5-year state plan and the year in which the entire party, army, and people will compete to score achievements to welcome the fourth party congress. As the enemies of the Lao revolution--the imperialists, the expansionists, and their reactionary stooges--will continue to sabotage Laos in all respects, the Lao people must unite as one and stand ready to completely smash all their schemes. In addition to carrying out the national defense and public security work, Sisavat Keobounphan called on everyone to pay attention to the economic work and to improve living conditions by engaging in farming and animal raising and by building family economy. He also called for improvement in the educational, cultural, and public health work, thus contributing to making Vientiane a socialist capital with political stability, national defense strength, economic prosperity, and with social and cultural progresses.

/9738
CSO: 4206/64

GROWTH OF CHEMICAL COMBAT FORCES DISCUSSED

BK051407 Vientiane Domestic Service in Lao 0430 GMT 3 Feb 86

[Feature: "The Building and Growth of the Chemical Combat Units"]

[Summary] "The first chemical combat unit was established in the historic stronghold of Viangsai District on 28 July 1966 during the national liberation struggle against the U.S. imperialists and their traitorous henchmen. At first, it was only a company of 63 cadres and combatants under the command of Comrade (Vison Sai-gnavong)."

The unit sent its forces to operate on many battlefields, such as in Sam Neua, Xieng Khouang, and the central and southern regions "to carry out the duty of neutralizing poisonous chemicals and gas and to destroy any poisonous elements used by the enemies."

The chemical combat unit also played a significant role in fighting the enemy forces. They directly confronted and fought the enemies face to face. "Not only did they carry out the duty of neutralizing poisonous gas and chemicals used by the enemy to save the lives of our forces, but they also became another important fire power by assisting infantrymen to burn down the nests of the enemy. For example in certain fierce fightings, namely the Samakkhi Operation and the Kou Kiat Operation in Xieng Khouang Province, the Lamson-719 Operation in the central region, and the operation to liberate Thateng in southern Laos, our chemical combat unit contributed to defeating the enemy."

After engaging in many combat tests in actual fighting, the chemical combat unit continued to consolidate its strength and to grow stronger. Throughout the period of the national liberation struggle against the "U.S. imperialists and their traitorous henchmen, the unit produced a number of heroic cadres and combatants, such as Comrade Phanthavit, Comrade Phommali, Comrade Phonsai, and Comrade Soukan."

Following the liberation of the country in the past 10 years, the chemical combat unit has been consolidated and strengthened in all fields. At present, many chemical combat units have been set up. Their technical cadres and commanders have received sound education and training to raise their capabilities in all spheres. "Several batches of advanced and intermediate-level technical specialists have been trained, thus increasing the strength of and becoming an important asset in consolidating their combat units. Cadres and combatants in these units are capable of utilizing equipment, vehicles, and modern auxiliary weapons in their specialized field. At present, the units are able to analyze and identify any poisonous chemicals used by the enemies, thereby providing adequate specialized knowledge and service to other combat units in our army in a timely manner to prevent and neutralize poisonous weapons used by the enemies."

Over the past 10 years, these units have conducted analyses of poisonous elements used by the enemies on 58 occasions. In addition, they have also organized seminars on preventive measures against poisonous weapons at various units, offices, and schools in the army on 37 occasions.

In recognition of their achievements in the past 10 years, the units have been awarded one second class heroic order and one third class labor order.

/9738
CSO: 4206/64

DOMESTIC TRADE OFFICIAL WRITES ON NEW ECONOMIC INCENTIVES

Vientiane PASASON in Lao 27 Dec 85 p 2

[Unattributed article: "Economic Reform"]

[Excerpt] Our domestic economic management has not been following the newly issued business regulations. The organization, the administration and the planned economy are basically a shared partnership and are heavily subsidized by the high level. Management in companies are not independent. Attention is not being paid to the three forms of business administration (the economic situation, training and education for workers, and management).

Since the Council of Ministers' Resolution 061/LPDR, dated 18 September 1984, and after the 9-17 July 1985 trade and banking conference, domestic trading companies have been reformed step by step to conform to socialist economic management. During the last 6 months of 1985, the Ministry of Commerce gradually delegated to companies to take charge. According to the new regulations, there are many things that cannot yet be done, primarily matters involving duties and the rights of state enterprises. But we are taking charge in many tasks; for example, fixing prices, planning, selling and buying merchandise, distribution stores and sales and purchase contracts.

In the future, domestic trading companies will follow regulations completely. Before we can follow these regulations, to be realistic, we must first follow these procedures:

The first step is to educate and train cadres and workers along with mass organizations (trade unions, the Lao Patriotic Women's Association, the LPRYU) within our companies to absorb and clearly understand these regulations.

The second step is to improve the structure of organizations, have the correct amount of manpower, and develop and materialize economic and social management within companies to correspond with regulations. We must change monopoly trade and we must have basic socialist economic management by changing business planning and having definite trade contracts, and we must be absolutely independent.

12597/12859
CSO: 4206/54

'TALK' CRITICIZES KISSINGER VISIT TO THAILAND

Vientiane PASASON in Lao 21 Dec 85 p 3

[Text] This past November, Henry Kissinger, the former U.S. secretary of state during the Nixon administration who waged very aggressive warfare in Indochina, visited Thailand for 3 days. He also paid a traditional visit to the Thai-Kampuchean border, which Thailand has made into a tourist attraction.

As soon as he arrived in Thailand, he publicly announced that he was not involved in [as published] as rumored. But he ordered Prime Minister Prem Tinsulanon to eliminate Kriangsak Chamanan, because he was the ring leader of the aborted 9 October coup.

We do not know whether it was coincidental that his denial coincided with a report in the 22 November issue of ASIA WEEK magazine that during his latest visit to the United States, Gen Prem Tinsulanon had met and talked with Mr Kissinger and that Mr Kissinger had suggested that Gen Prem look for a legal way to eliminate General Kriangsak.

This was the news before Kissinger's visit to Thailand. But after his return to the United States, he changed the news.

An undisclosed source claimed in an article in the Sunday 1 November issue of MATICHON that Mr Kissinger had met with high level Thai economic officials and brought up various issues for broad discussions on not only the trade problem between the United States and Thailand but on the important issue of sounding out opinion about the return of U.S. bases to Thailand. This article pointed out further that Mr Kissinger had answered questions about whether there must be duscussions and negotiations with allies, particularly the countries that had signed the Manila Pact Treaty, if U.S. bases are moved from the Phillippines to Thailand. (It is publicly known that Thailand is one of the countries that signed that treaty).

Nevertheless, the undisclosed Thai news source explained that the United States is sounding out the opinions of Thai people of every level about this matter.

Therefore, we can say that either the official and behind-the-scenes visit of Mr Kissinger has revealed that the United States always wants to create problems, confusion, and tensions in this region by relying entirely on reactionary groups in Thai power circles for support as obedient colleagues.

12597/12859
CSO: 4206/54

COLUMN WARNS AGAINST POSTAL VIOLATIONS

Vientiane PASASON in Lao 6 Dec 85 p 2

["Conversation with the editor" column: "How Can We Send Letters to Our Relatives?"]

[Excerpt] [Answer] You first must have the correct address for the person you are writing to. If it is not correct, the letter will not reach them. You should send it via the post office, which can be done in many ways. You should certainly register your letter to make sure it is delivered.

Many people do not know how to send a letter. For example, they use the wrong address for the sendee or the address is not clear and they do not give the sender's address. For example, in your letter the sender's address was not shown in detail. Writing the sender's address makes sure that the letter will be returned whenever the sendee does not receive the letter.

Another thing that is being done by many people which is not correct is that when they receive a letter they open it even though it is not theirs. This is illegal and may be punished. Those who surreptitiously read a letter that is not theirs must watch out, because if the owner of the letter files a legal suit against them they will be punished by the provisions of international law.

2. Sometimes a person receives a letter which is not for him and the person to whom the envelope is addressed is not there, and he ignores the letter. The proper thing to do is to return the letter to the post office. This is what should be done according to international regulations. When the post office sees it, it will return it to the sender so he will know that the intended recipient is no longer at that address.

On this occasion I would like to say to those who do not understand that by doing it this way we will be adhering to the regulations and applying them. We make sure the work is done and that it is effective and accurate, reflects our educational level, etc.

Many people in the past have taken this matter lightly, and it has happened many times even in my office. Even though we have talked about it, the habit still remains, and I do not know why since they are neither stupid nor careless.

However, I conclude that such people have very few social manners. Some of them have a very low educational level. I think we must teach them gradually and little by little to pull them back to the regulations in order to insure our work in the future.

9884/12790
CSO: 4206/50

COLUMN WARNS AGAINST CULTURAL VICES, THAI VIDEOS

Vientiane VIENTIANE MAI in Lao 30 Dec 85 p 2

["Talk" by Sengsouli Sonsoulin: "Resist the Degenerate Culture"]

[Excerpt] Since Liberation the city of Vientiane has been the first line of defense for the nation. It has become the center of the fierce struggle between the two paths over "who will conquer whom." The enemy is always hoping to destroy our revolution. For example, it sent spies to watch and cause unrest in our capital in many different ways. In the area of culture in past years it has been noticed that the enemy has infiltrated various art, literature, and entertainment groups. It has also infiltrated the ranks of the young people: holding festivals, giving alms, and working to make money are widespread; prostitution is secretly encouraged; there is dancing, which is inconsistant with nation building; etc. These things are done without limit night and day without regard to regulations, to the damage caused to the beautiful culture of our nation, or to the deterioration caused in other areas.

In addition a bad group of people have slipped in with obscene pictures, novels, newspapers, music cassettes, Thai songs, and video tapes of Thai television programs to be used as propaganda to poison the young people and children so that they will become lazy and not study. A number of people are still deceived into superstitions and other things, which weakens our nation's beautiful culture. Therefore in order to eliminate the vestiges of the old degenerate culture, everyone must demonstrate a collective mastery because cultural activities are broad-based and complex and are interwoven with all other activities. It is therefore essential that everyone understand this well, and each organization must demonstrate its mastery in transforming and building our culture and in steadily eliminating all remnants of the degenerate culture and society of the old regime still present in Vientiane City. In addition, it is essential to block the inroads of culture from degenerate, reactionary societies and the infiltration of foreign cultures which are contrary to our worthy customs and moral precepts and also to the policy of the party and state.

At the same time it is essential to promote and expand our beautiful national culture and eliminate that culture which is out of date so that socialist culture, which is the kind we Lao desire, will steadily grow.

Everyone should demonstrate his collective mastery in supporting our social and political system. Every movement and action must be orderly and neat: for example, get involved in beautification; put your house, office, your garden, and sidewalk; do not make a mess of various public places; and converse politely; the setting up of stalls to sell small items along sidewalks must be abolished. This should be done for the order and beauty appropriate for a nation's capital. In addition, we the inhabitants of the capital of Vientiane should be the masters of every area of activity in order to strive together for results to welcome the first party congress of Vientiane City, which is coming up, so that it will be exciting and bright.

8149/8918
CSO: 4206/53

COLUMN DESCRIBES DEATH BENEFIT PROCEDURES

Vientiane VIENTIANE MAI in Lao 25 Dec 85 p 2

["Conversations with the Editor": "Support Payments"]

[Excerpt] (1) This concerns the support payments of cadres who have died while subject to the new salary system (the system of the new administration). Are they subject to the new salary system or the old?

(2) Will these payments be made to the wife and children or to the parents of the person involved (in case neither the parents nor the wife and children have died).

We hope that the editor will help clear this up and let us know.

From Khamsuan Nanthavong

(1) When speaking of resolutions, orders, or work systems, if a new one is introduced to improve on an old one, this means that the old one is not appropriate for the new situation, and for this reason the new resolutions and orders abrogate the old. Therefore in the comrade's question lies the answer, as will be immediately apparent: use the new system automatically.

(2) A person's right to receive support payments depends on assignment of benefits. The recipients might be the parents, the wife and children, or brothers and sisters. It could be anyone. If there is no will, an organization will examine and proceed according to the law. This problem directly involves the departments of policy, administration, work, and salary; they will explain it to you in detail.

Thank you and goodbye.

8149/8918
CSO: 4206/53

BRIEFS

VIENTIANE RICE HARVEST--After striving hard to harvest and take care of the rice crop from the beginning of October until December, the farmers and members of various agricultural cooperatives around Vientiane City completed the harvest and cultivation of their rice crop. The area of rice transplanted throughout Vientiane City this production season amounted to a total of more than 3,600 hectares. The average production capability was 2.49 tons per hectare, which was 94 percent of planned production. [Excerpt] [Vientiane VIENTIANE MAI in Lao 20 Dec 85 p 1] 8149/8918

POWDERED COFFEE PRODUCTION--From the beginning of January until the end of November of this year the cadres and workers at the coffee powder factory of Vientiane, which is affiliated with the Industry, Handicrafts, and Forest Service of Vientiane City, set out to carry out their specialized task and to do a good job of producing a product to serve society in their factory. For example, they were able to produce a total of 14.82 tons of coffee powder and of this amount 13.806 tons were No 1 coffee powder. This is 4 percent less than the plan. [Excerpt] [Vientiane VIENTIANE MAI in Lao 20 Dec 85 pp 1, 2] 8149/8918

STORE OPENING, KIP VALUE--On the morning of 29 November at the general merchandise store of the morning market, the trading company of Vientiane City held a ceremony officially opening the general merchandise store. More than 70 of the cadres and workers in the store joined in. Honored participants in the ceremony included Mr Khambou Sounisai, a member of the party Central Committee and president of the administrative committee of Vientiane City, and Mr Sui Vansi, a decoration expert from the trading company of Hanoi who had come to help Vientiane City. The construction of this general merchandise store started on 16 September 1985 and was basically complete by 26 November 1985. The total construction cost was more than 9 million kip, which is equivalent to $23,927.47 in foreign exchange. [Excerpt] [Vientiane VIENTIANE MAI in Lao 30 Nov 85 pp 1, 4] 8149/8918

VIENTIANE COOPERATIVE TOTALS--In order that the directives of the party committee and administrative committee of Vientiane City be carried out, the agricultural cooperatives branch of Vientiane City organized more cooperatives. After this year's organizational activity, Vientiane City had a total of 187 agricultural cooperatives. This is an increase of 67 cooperatives over 1984. These cooperatives include 6,500 families and 41,580 people and of these 21,651 are male and 19,922 are female. Primary labor totals 16,288 people, of whom 8,197 are male and 8,091 are female. The area of rice land in these cooperatives now totals 7,736.477 hectares; of this area, 3,020.6 hectares are cultivated with dry field rice. During the production season this year rice production for the agricultural cooperatives totaled 25,030.24 kg when averaged, a member would receive a share of 598 kg. This result was sufficient to fulfill the planned goal. [Excerpt] [Vientiane VIENTIANE MAI in Lao 25 Dec 85 p 1] 8149/8918

SAYABOURY ANTI-AIRCRAFT TRAINING--The anti-aircraft unit of Sayaboury Province has been studying military science and tactics from the beginning of July until now and has completed two stages or 70 percent of the course. The men and officers throughout the anti-aircraft unit put a great deal of effort into their training. After being trained in theory, in disassembling and assembling the weapons and in aiming, they went on to actual practice. Even when they encountered difficulties because of the different cultural levels of the students, the patience of the instructors and students enabled the training to achieve the planned goals, overcome the difficulties, and steadily complete the training program. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 26 Dec 85 pp A5, 6] 8149/8918

AID TO SRV PROVINCE--According to an information source in Oudomsai Province the party committee and administrative committee of Oudomsai Province recently sent food and necessities valued at more than 300,000 kip to help the people of Ha Son Binh Province in the SRV who had suffered from flooding in the last rainy season. These supplies included more than 5 tons of milled white rice, garments, and many kinds of household items. It is felt that the assistance which the people of Oudomsai Province sent to help the people of our ally, Ha Son Binh Province, In the SRV, although not a large amount, would nevertheless show our sincerity and concern in the spirit of the deducted rice and the divided vegetables; this will increase the special solidarity in struggle between the people of the two allied provinces and especially between the people of the two nations, Laos and Vietnam, and will in general make it more durable. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 28 Dec 85 pp A4, 5] 8149/8918

TRADE UNION ANNIVERSARY--On the afternoon of 31 January the Central Committee of the Federation of Lao Trade Unions opened a photo exhibition in Vientiane to commemorate the 30th anniversary of the founding of the federation. Present at the opening ceremony was Sisomphon Lovansai, member of the LPRP Central Committee Political Bureau and vice chairman of the Supreme People's Council. [Excerpt] [Vientiane Domestic Service in Lao 0000 GMT 1 Feb 86 BK] /9738

TRADE UNION RALLY--Vientiane Domestic Service in Lao at 0500 GMT on 1 February carries an 8.5-minute report on a rally held at the Vientiane theater on 1 February to mark the 30th anniversary of the Federation of Lao Trade Unions. The report says that "over 1,000 representatives of workers from various organizations and offices attached to the party Central Committee in Vientiane municipality attended the rally. Attending the rally as honored guests were Sisomphon Lovansai, member of the party Central Committee Political Bureau and vice chairman of the SPC; members of the party Central Committee; alternate members of the party Central Committee; ministers and deputy ministers; representatives of mass organizations; and several guests." [Editorial Report] /9738

WFDY DELEGATION DEPARTURE--On the morning of 1 February, the WFDY delegation led by Comrade Vilmos Cbovveny, secretary general of the organization, returned home after ending a 4-day visit to Laos. During its stay, the delegation paid a courtesy call on Phoun Sipaseut, member of the LPRP Central Committee Political Bureau, vice chairman of the Council of Ministers, and minister of foreign affairs of the LPDR. It also called on Comrade Thongvin Phomvihan, member of the party Central Committee and first secretary of the Lao People's Revolutionary Youth Union Central Committee, and visited various factories and plants and some historical sites in Vientiane municipality. A joint communique on the delegation's visit to Laos was issued. On hand to see the delegation off were Comrade Phandouang Kitvongsa, secretary of the Lao People's Revolutionary Youth Union Central Committee, and some cadres concerned. [Text] [Vientiane Domestic Service in Lao 1200 GMT 2 Feb 86 BK] /9738

WFDY DELEGATION VISIT--Vientiane, February 1 (OANA-KPL)--Phoun Sipaseut, Politburo member of the party CC, vice-chairman of the Council of Ministers, head of the Foreign Relations Committee of the party CC and minister for foreign affairs, received here yesterday a delegation of the World Federation of Democratic Youth [WFDY] led by its Secretary General Vilmos Cbovveny. During the meeting, P. Sipaseut said the visit of the delegation here would further enhance friendship between the Lao People's Revolutionary Youth Union and the WFDY in the joint struggle for peace in the world. He informed the delegation about the 12th conference of the Indochinese foreign minister which was held here on January 23-24 and the economic construction in Laos. The WFDY delegation arrived here on January 28 and left here today. [Text] [Vientiane KPL in English 0905 GMT 1 Feb 86 BK]/12766

SISOMPHON LOVANSAI ADDRESSES CONFERENCE--Vientiane, February 4, (KPL)--Sisomphon Lovansai, Politburo member of the party CC in charge of the party and state organizational and control work, talked to the national conference of the party and state control committee at its closing ceremony on February [no date as received], after 10 days of sitting. The Lao leader highly assessed the active contributions of the personnel of the party and state control committee in their motivating and social building work. [Text] [Vientiane KPL in English 0914 GMT 4 Feb 86 BK]/12766

MEDALS CONFERRED ON CUBAN LEADERS--Vientiane, February 4 (OANA-KPL)--The People's Supreme Assembly of the Lao PDR has conferred, by a decree, Lao national high medals and orders to Cuban leaders. The decree published today by the Lao leading newspaper PASASON stipulates that two national highest gold medal orders are to be awarded to Fidel Castro Ruz, first secretary of the CPC [Cuban Communist Party] CC, [president of the Council of State and the Council of] Ministers, and Raul Castro Ruz, second secretary of the CPC CC, vice-president of the State Council, and first vice-chairman of the Council of Ministers, and minister of the Cuban Revolutionary Armed Forces. Itsala orders of first class, also ranking among national higher orders, are to be conferred to Juan Almeida Bosque, Politburo member of the CPC CC, chairman of the Control Committee of the Foreign Relations Department of the CPC CC; Rene Rodriguez Cruz, member of the CPC CC, president of the Cuban Friendship Institute With Foreign Countries; Dr Jorge Valdes Aldereguia Brito, president of the Cuba-Laos Friendship Association. [Text] [Vientiane KPL in English 0909 GMT 4 Feb 86 BK]/12766

HO CHI MINH CITY-AIDED FACTORY--In implementing the agreement on cooperation and friendship between the LPDR and the SRV and also Vientiane Capital and Ho Chi Minh City, which was jointly signed on the morning of 9 December, Comrade Southin, chief of the board of directors of the plastics plant of the industry, manufacturing, and forestry section in Vientiane Capital, told us that the construction of this first plastics plant in Vientiane Capital, which began on 20 April 1985 with aid from Ho Chi Minh City in the SRV, is now 80 percent complete. It will produce oil bottles, dishes, bowls, buckets, large and small plastic ropes, and much more. The cost of construction totals more than 10 million kip. Comrade Southin added that now the Lao workers, cadres, and government employees along with experts from neighboring Vietnam are putting all of their effort into rushing to complete the factory as expected so that it will be able to create products to serve the masses throughout Vientiane Capital in the near future. This is done in order to take part in scoring achievements for the upcoming congress of the party committee in Vientiane Capital. [Text] [Vientiane VIENTIANE MAI in Lao 11 Dec 85 pp 1, 4] 9884/12790

COLUMN CLARIFIES WAGE POLICY--[Question] Are the wages paid to workers given on the basis of whether the work is light or heavy, or do they depend on the salary level? In some places they still pay wages using a basic salary level. [Answer] The wage policy clearly indicates that overtime pay is based on the basic salary level. For example, those whose work involves chemicals and who must use their brains to figure things out and those whose work involves risk, danger, etc. will receive more pay than those whose work is ordinary. (Please study the finance section for details.) It is true that for wages based on salary, for example, the high, middle and basic levels receive more or less according to individual responsibility. This is because the responsibility for such level is different. For example, the high level has more responsibility than the middle level, and the middle level has more responsibility than the basic level. [Excerpt] ["Conversation with the editor" column] [Vientiane VIENTIANE MAI in Lao 11 Dec 85 pp 2, 4] 9884/12790

IDENTITY CARDS REQUIRED--[Question] I have heard that the masses who will be going to the celebration of the Pha That Louang Festival and the upcoming National Day celebration will have to carry ID cards with them. What about those who do not have ID cards? And what about those who will be coming from the rural areas and other districts around Vientiane Capital? Will they be able to get in if they do not have ID cards? [Answer] The Pha That Louang Festival and the National Day celebration have passed, but we still have market fairs. Feel free to come. It is easy to come in the daytime. As for ID cards, you should carry them with you at all times because the authorities must do their duty to maintain security and safety. For those who live outside in the rural areas, they should get ready to hand in their address certificate to the authorities concerned to be signed and stamped and to have their photo pasted in. This can be used on a temporary basis while they are waiting for their ID cards. [Excerpts] ['Conversation with the editor' column: "Do We Have To Have ID Cards?] [Vientiane VIENTIANE MAI in Lao 9 Dec 85 p 2] 9884/12790

CSO: 4206/50

RELIGIOUS ISSUES THREATEN PEACE: MUSA

Kuala Lumpur NEW STRAITS TIMES in English 5 Jan 86 p 2

[Text] KUALA LUMPUR, Sat. — Deputy Prime Minister Datuk Musa Hitam said today the country is now facing what he termed the 'third challenge' in its history — that of the blatant abuse of religion for political ends.

He said the country had succeeded in meeting its first challenge, the communist terrorist threat, and the second challenge, the exploitation of racial sentiments which resulted in the 1969 May 13 incident.

"What we are seeing now is religion coming into play in the country's political system," he said in a briefing to senior local journalists and foreign correspondents as a follow-up to the screening of the Memali incident by TV Malaysia last night.

Fourteen civilians, including self-styled religious leader Ibrahim Libya, and four policemen were killed in the Nov 19 incident when police carried out an operation to arrest several wanted men in remote Kampung Memali in Baling district, Kedah.

Datuk Musa said the misuse of religion for political gain was a new phenomenon to the country but one which was "serious and as dangerous, if not more dangerous" than the exploitation of racial feelings which led to the outbreak of the May 13 violence.

Giving an analysis of what had led to the Memali incident, the Deputy Prime Minister said PAS leaders had been doubling up as religious leaders or *Tok Guru* to exploit gullible kampung folk for their own political ends.

"These *Tok Gurus* are not really *Tok Gurus* but political leaders," he said.

"Guided by the so-called 'amanat haji hadi' (PAS vice president Haji Abdul Hadi Awang), they work up the people to oppose the Government," Datuk Musa said.

Restraint

"They claim that it is *jihad* (holy war) to oppose the Government which they brand as 'kafir'.

"And they tell the people that if they (the people) die, they will die a 'syahid' death (death in the defence of Islam and thus a guaranteed place in heaven)."

Datuk Musa said the so-called 'amanat haji hadi' beckoned with "believe you me that when you oppose Umno/the Government, it is *jihad* believe you me that if you die, you die *syahid*.

"There are many of these so-called *Tok*

Gurus out there, all capable of inciting the kind of violence that we have witnessed in Baling," said Datuk Musa, who is also Home Affairs Minister.

He said the Government had long been aware of the activities of these people, since the emergence of the 'two *imam*' phenomenon (the holding of prayers in one mosque or madrasah with a section of the congregation following one imam and the other section led by another imam at the same time) but had exercised restraint to avoid the eruption of violence.

The Government was also fully aware of the special relationship between the *Tok Guru* and *murid* (teacher-students) in the kampungs.

In the Memali incident police exercised restraint even when two policemen were shot and killed.

Datuk Musa said it was not true that poverty and lack of development were the root cause of the Memali incident as alleged by certain quarters.

In fact, he said, it was because of the development and progress that the Government had brought about that negated it being made a political issue.

"So they resort to the exploitation of religion," Datuk Musa.

Prevention

PAS leaders, he added, had in fact been instigating the people not to accept development saying that it was coming from a *kafir* Government.

"If the people do not want development, development cannot take place," he said.

"And in PAS areas, they are not in interested in development."

The Deputy Prime Minister said he for one would like to bring greater development to PAS-dominated areas, "In fact the more 'PAS' the area, the more development I would like to bring."

Datuk Musa said the Government was taking follow-up action to prevent a recurrence of the Memali incident.

He however declined to go into details.

Datuk Musa had briefed the Press on the incident a day after the incident occurred. — Bernama

/9274
CSO: 4200/655

MALAYSIA

BORDER PROBLEMS WITH THAILAND EXAMINED

Penang THE STAR in English 14 Jan 86 p 9

[Article by Maria Samad]

[Text] KUALA LUMPUR, Mon. — The General Border Committee will be 20 on Friday, when the officials from both Malaysia and Thailand meet again to discuss security measures along the common border.

At previous meetings, problems have been worked out and the plan of action agreed to in the normal diplomatic and tactful way.

It will be no different this time.

The emphasis has always been on combating the Communist Party of Malaya (CPM) and its terrorist activities. Their movements have been restricted in the border areas and the threat contained.

But over the years new threats have emerged — the drug menace and smuggling of firearms.

And it is for this reason that there is a growing feeling that the scope of the General Border Committee (GBC) should be widened to include the two new major problems.

However, in this, they are faced with the problem that the Thais do not regard firearm and drug smuggling as falling within the scope of the GBC.

They viewed these more as an internal problem of the Malaysians and not under the category of "common enemy" as defined under the GBC agreement.

Observers said the Malaysians feel that while Thailand's efforts in combating the CPM should be appreciated, more could be done.

The Thai security forces, the observers said, are more inclined to concentrate on the threat from the north — incursions from the Vietnamese forces and the insurgency threat from the Communist Party of Thailand (CPT).

The CPT is active mainly in the north.

In south Thailand, Bangkok is preoccupied with the separatist movement, the Pattani United Liberation Organisation (Pulo).

They regard the CPM problem more as a Malaysian problem. Although the CPM has its sanctuaries in south Thailand, concentrating mainly in the Yala province along the Betong salient, they seldom engage in combat with the Thai forces.

This is because the ultimate aim of the CPM is "the liberation of Malaya."

Harassed by the CPT, Vietnamese and the Pulo, the Thai security forces have tended to allow the CPM problem to slide into the background and there is only nominal resistance against them.

Similarly, while the Malaysians are increasingly worried about the increase in firearm and drugs smuggling from Thailand into Malaysia, Bangkok with its focus on the threat from the North, has had little time to co-operate and work against this.

Thai authorities had repeatedly said that their Government could not build a very strong security force in the Betong area because of economic constraints.

The Malaysians, on the other hand, feel that the drug and firearm problem should be tackled at the source as it poses a potential threat to both countries.

Drugs are mainly brought in from the Golden Triangle where the Shan Hill tribes, led by Khun Sa, has started a lucrative trade.

The Thais are reluctant to open up another front to stop Khun Sa's army when already faced by the Vietnamese and CPT threat.

And Malaysian officials have already determined that 90 per cent of arms used in robberies here are smuggled in from Thailand.

The observers say that the Malavsians believe the drug problem, which has been brought to the international forum by the country, should be viewed as a joint problem by its neighbour and Asean ally, Thailand.

Deputy Prime Minister Datuk Musa Hitam, who will be heading the Malaysian side at Friday's talks, has already taken the drug problem to the international level, the United Nations.

The Malaysians feel the issue should therefore be brought within the purview of the GBC.

Malaysia's concern over the drug problem is understandable in view of the large seizure of drugs by the Malaysian authorities in the last two years.

Although the amount of drugs (raw opium, processed opium, morphine and heroin) seized decreased from 2,899.4kg in 1984 to 1,577.6kg last year, the amount of pills seized increased from 2,005kg to 32,693kg over the same period.

The feeling among the Malaysian officials is that there is a need for Thailand to enact effective drug laws laws including conspiracy and assets seizure laws to discourage the major traffickers in Thailand.

The Thai Government also needs to better understand the importance of ending the hill tribes' tradition of consuming opium.

The observers believe that Thai-Malaysian friendship could be affected if meaningful initiatives against opium production and drug trafficking are not taken.

They said that while Malaysia recognised that the Thais had committed resources and manpower to the drug problem, "much remained to be done."

Co-operation between the two countries has been carried out bilaterally between the respective police force.

The Thais would give tipoffs to the Malaysian authorities and "leave it to us to arrest the traffickers where they could be dealt with harshly," an observer said.

In Malaysia the penalty for possession of 15gm or more is the mandatory death sentence whereas in Thailand sentencing for drug trafficking is left to the discretion of the judge depending on the pleas of the accused.

A maximum penalty of life imprisonment or death could be handed down in any case involving over 100gm.

It was reported that five per cent of the poppy grown in the Golden Triangle — the area bordering Thailand, Burma and Laos — comes from Thailand, five per cent from Laos and 90 per cent from Burma.

Opium is converted to heroin in the border areas, moved through northern Thailand to Bangkok for distribution world-wide. Opium is also moved to Malaysia for conversion into heroin.

Observers said what they wish to see is a political commitment on the part of the Thai authorities.

Many feel that the lack of commitment is due to the lucrative nature of the "processing" of opium which is done in Thailand itself.

Malaysia, on its part, wants to impress upon the Thais that the problems of drug and firearm smuggling are very much their problem too, the observers said.

It is also increasingly worried over the smuggling of firearms into the country.

It was reported that 60 per cent of firearms used in robberies in Malaysia were smuggled from south Thailand through Padang Besar, Kuala Perlis and the west coast.

The increasing number of firearms seized over the last four years were found to be smuggled weapons, some of them home-made, from Thailand. Observers said this is a direct result of the inadequate legislation in the neighbouring country.

Last year, the Malaysian authorities seized 116 assorted firearms including M16, pistols and shotguns. This compares with 80 in 1984, 94 in 1983 and 70 in 1982.

They represented only 30 per cent of the firearms that could be traced in the country, they said.

They said that some of the firearms were smuggled in in parts.

The Malaysian Government in an effort to curb communist infiltration and smuggling has built a $43 million retaining wall and stationed nine battalions along the border.

"But what is needed is cooperation from the Thai side," they said.

Both countries value the measures adopted by the committee which is responsible for overseeing security and other aspects of bilateral co-operation along their common border for joint action against the communists.

Malaysia which has been fighting the communists since 1948 had taken early cognisance of this fact and has given priority to the implementation of socio-economic plans.

Measures for joint action between Malaysia and Thailand were finalised at the GBC meeting in July 1976 and the meeting marked a new era of co-operation between the two countries.

Under the agreement, Thailand allows the Malaysian armed forces to cross the border right up to the communist sanctuaries.

In the first Malaysia-Thai combined operation *Duoyai Musnah* in January 1977, it was found that there were between 3,000 and 3,500 communists operating along the border.

But since then, certain quarters have expressed some reservations about the progress of Malaysian-Thai efforts in eliminating the communist threat.

The war, after all, has been going on for 30 years.

Observers said that Malaysia believed the solution to the problem was in recognising "its real source and the earnestness with which both sides endeavour to tackle the problem."

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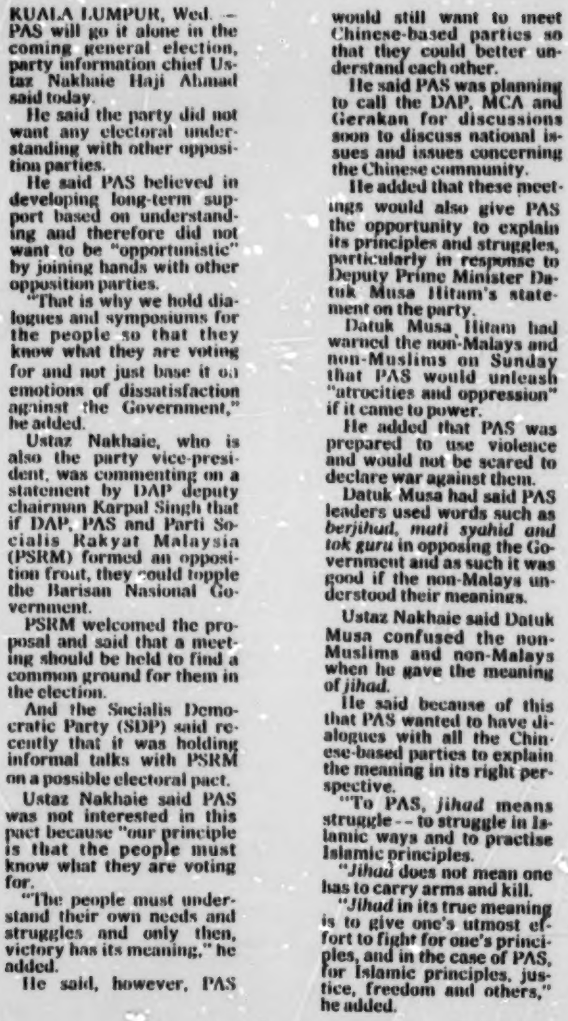
CSO: 4200/655

PAS TO CONTEST NATIONAL ELECTION ALONE

Penang THE STAR in English 2 Jan 86 p 4

[Article by Zainal Epi]

[Text]



KUALA LUMPUR, Wed. — PAS will go it alone in the coming general election, party information chief Ustaz Nakhaie Haji Ahmad said today.

He said the party did not want any electoral understanding with other opposition parties.

He said PAS believed in developing long-term support based on understanding and therefore did not want to be "opportunistic" by joining hands with other opposition parties.

"That is why we hold dialogues and symposiums for the people so that they know what they are voting for and not just base it on emotions of dissatisfaction against the Government," he added.

Ustaz Nakhaie, who is also the party vice-president, was commenting on a statement by DAP deputy chairman Karpal Singh that if DAP, PAS and Parti Socialis Rakyat Malaysia (PSRM) formed an opposition front, they could topple the Barisan Nasional Government.

PSRM welcomed the proposal and said that a meeting should be held to find a common ground for them in the election.

And the Socialis Democratic Party (SDP) said recently that it was holding informal talks with PSRM on a possible electoral pact.

Ustaz Nakhaie said PAS was not interested in this pact because "our principle is that the people must know what they are voting for.

"The people must understand their own needs and struggles and only then, victory has its meaning," he added.

He said, however, PAS would still want to meet Chinese-based parties so that they could better understand each other.

He said PAS was planning to call the DAP, MCA and Gerakan for discussions soon to discuss national issues and issues concerning the Chinese community.

He added that these meetings would also give PAS the opportunity to explain its principles and struggles, particularly in response to Deputy Prime Minister Datuk Musa Hitam's statement on the party.

Datuk Musa Hitam had warned the non-Malays and non-Muslims on Sunday that PAS would unleash "atrocities and oppression" if it came to power.

He added that PAS was prepared to use violence and would not be scared to declare war against them.

Datuk Musa had said PAS leaders used words such as *berjihad, mati syahid and tok guru* in opposing the Government and as such it was good if the non-Malays understood their meanings.

Ustaz Nakhaie said Datuk Musa confused the non-Muslims and non-Malays when he gave the meaning of *jihad*.

He said because of this that PAS wanted to have dialogues with all the Chinese-based parties to explain the meaning in its right perspective.

"To PAS, *jihad* means struggle -- to struggle in Islamic ways and to practise Islamic principles.

"*Jihad* does not mean one has to carry arms and kill.

"*Jihad* in its true meaning is to give one's utmost effort to fight for one's principles, and in the case of PAS, for Islamic principles, justice, freedom and others," he added.

/9274
CSO: 4200/655

MCA-GERAKAN JOINT BODY TO MEET

Kuala Lumpur NEW STRAITS TIMES in English 6 Jan 86 pp 1, 2

[Article by Calvin Goh]

[Text]

KUALA LUMPUR, Sun. — The MCA-Gerakan joint council is expected to meet later this month to chart a course for full co-operation.

It will be the council's first meeting since its establishment last year while the MCA was embroiled in its 20-month crisis.

The fresh initiative, aimed at reviving the council, is being taken by the new MCA president, Mr Tan Koon Swan, who today announced his party's representatives to the joint body at a Press conference.

In addition to Mr Tan, the other MCA representatives will be deputy president Datuk Dr Ling Liong Sik, Datuk Lee Kim Sai, Youth chairman Senator Kee Yong Wee and Wanita chief Miss Teng Gaik Kwan.

The Gerakan's representatives will be its president, Datuk Dr Lim Keng Yaik, deputy president Datuk Paul Leong, vice-president John Gurusamy, secretary-general Kerk Choo Ting and central committee member Dr Goh Cheng Teik.

In its determination to ensure the success of this "maximum co-operation" concept, the MCA has also taken the unprecedented step of directing the entire party membership to co-operate with the Gerakan.

Mr Tan said today the directive would be sent to all State committees, divisions and branches.

He said the more-than 300,000 MCA members at all levels would also be told to stop "squabbling" with the Gerakan.

Failure to do so would tantamount to breach of party discipline, he added after chairing his second central committee meeting at the MCA headquarters.

Mr Tan said today's four-hour central committee meeting endorsed the recent decision of the party's presidential council on co-operation with the Gerakan.

Referred to a statement yesterday by Gerakan president Datuk Dr Lim that his party was prepared to merge with the MCA to form, a new party with a "new and democratic" constitution and "a new spirit", Mr Tan said the MCA would take things step by step.

He said the first step was to ensure co-operation with the Gerakan.

The question of a possible merger of the two parties, he said, was "a long-term step."

Mr Tan also said he still had not had any response from former acting party president Datuk Dr Neo Yee Pan to his offer of a central committee seat.

However, the other five non-Koon Swan group members — Datuk Mak Hon Kam, Datuk Chin Hon Ngian, Datuk Tee Cheng York, Datuk Wong Seng Chow and Datuk Tan Tiew Bok — had accepted the invitation to serve in the central committee.

Datuk Lee Kim Sai, who was also present at the Press conference, said that Datuk Wong and Datuk Tee attended today's meeting.

He added that Datuk Mak and Datuk Chin were overseas while Datuk Tan sent his apologies for not being able to attend the meeting.

Today's meeting also decided to set up an election steering committee at national level.

The committee, headed by Datuk Lee, will start preparations for the general election.

The procedures for setting up similar committees at State and divisional levels were also decided on.

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CSO: 4200/655

COMMENTARY VIEWS FOREIGN TRADE TIES WITH POLAND, BELGIUM

BK031153 Kuala Lumpur International Service in English 0800 GMT 3 Feb 86

[Station commentary]

[Text] Malaysia continues to strengthen its trade, economic, and cultural ties with all nations irrespective of their social systems. The 4-day visit to Malaysia by the Deputy Foreign Minister of Poland, Mr Jan Majewski, is the most recent manifestation of Malaysia's cordial relations with other members of the international community.

The Polish deputy foreign minister's visit has special significance as Poland is currently Malaysia's second largest trading partner after the Soviet Union among the Eastern-bloc countries. In 1983, bilateral trade amounted to 87 million ringgit with the trade imbalance of 26 million ringgit in Poland's favor. In 1984, total volume of trade had increased to 156 million ringgit, while the imbalance escalated to 37 million ringgit. The Polish Government is interested in narrowing down its trade surplus with Malaysia. A number of proposals for achieving this objective were mooted in talks between the Polish and Malaysian negotiating teams.

Poland buys Malaysia's staple export commodities such as natural rubber, palm oil, and tin. At present, the rubber is purchased through the London rubber market, but there is no reason why this practice should not be discontinued and direct purchases be brought (?into effect).

The new established countertrade agreement could be adopted. [passage indistinct] There is every likelihood of more rubber, tin, and palm oil being purchased by Poland.

Malaysians were delighted to learn that the deputy foreign minister had expressed considerable interest in the Malaysian motorcar--the Proton Saga--and that Poland may consider buying the vehicle after discussions with the manufacturing corporation.

Malaysia's relations with Poland are based on the principles of mutual respect, noninterference in the internal affairs of the other country, and [word indistinct] for world peace and disarmament. There is no doubt that following the Polish deputy foreign minister's visit relations between the two countries will continue to develop on cordial lines and will give rise to a greater volume of goods and services being exchanged.

In a few days' time, yet another event will highlight the Malaysian policy reaching out to all parties that are interested in trade and economic ties. A 1-day seminar devoted to the theme of doing business with Malaysia will be held for Belgian businessmen in Brussels, the capital of Belgium. This seminar represents an interaction between the public and the private sectors of Belgium to promote business and investment between Malaysia and Belgium. Malaysia was selected as the focus of attention because it is Belgium's major trading partner in ASEAN. Also, Malaysia, in the opinion of many Belgian businessmen, can become a valuable trading partner due to its success in economic diversification. Malaysia looks forward to more trade and other contacts with Poland and Belgium as well as many other countries.

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CSO: 4200/659

MINER VIEWS TIN MARKETS, SPECULATES ON PRICE

BK031145 Kuala Lumpur BERNAMA in English 1117 GMT 3 Feb 86

[Text] Kuala Lumpur, Feb 3 (OANA-BERNAMA)--Tin producers are confident that prices for the metal will improve in the next few days on the Kuala Lumpur Tin Market (KLTM), judging from Monday morning's encouraging response from buyers.

President of the All-Malaya Chinese Mining Association, Hew See Tong told BERNAMA that traders will continue to sell the metal outside the market if prices at the KLTM were not attractive enough.

He added only when prices increased to above M$18.50 (about $7.71) per kilo will the KLTM see sellers drifting back to the market.

Tin miners decided at an emergency meeting last week not to sell their tin below M$18.50 compared with M$29.50 (about $12.29) a kilo quoted last on October 24 when the London Metal Exchange suspended tin trading and the International Tin Council floor price of M$29.15 (about $12.15).

He said the KLTM official price of M$18 (about $7.50) Monday was "far below the cost of production."

The present production cost is between M$21 and M$23 (about $8.75 and about $9.58) per kilo and unless the KLTM price can match this, sellers will continue to stay away or offer very small amount for disposals, he added.

Hew also said that at Monday morning's trading, buyers were prepared to buy up to 90 tonnes of tin but sellers were only prepared to sell 36 tonnes. This reflected the reluctance to sell more.

They were anticipating better prices to come and the sales of 36 tonnes Monday was because of the forthcoming Chinese new year as miners have to pay their workers for the festival season, he added.

Asked how long it would take for the prices to return to the pre-suspension level of M$29.15, he said [transmission garble].

Hew welcomed the government's quick action to their plea last week, but he was disappointed that the treasury directive did not include retained export duties for December and January.

The refunds will alleviate the plights of many financially stricken miners.

Meanwhile, the KLTM said in a statement that the market started trading at 10:30 MST (about 02:30 GMT) with an opening price of M$19 (about $7.92) per kilo which in the absence of buyers declined to M$18.

At this level, a total bid of 90 tonnes [transmission garble].

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MALAYSIA

BRIEFS

TIN MARKET RESUMES TRADING--The Kuala Lumpur tin market resumed trading this morning after being suspended for more than 3 months. The metal was down at 18 ringgit a kilogram with a turnover of 36 tonnes. The price of the metal dropped 11 ringgit and 50 cents from the last quoted price of 29 ringgit and 50 cents on the 24th of October last year before trading was suspended. [Text] [Kuala Lumpur International Service in English 0800 GMT 3 Feb 86 BK]/12766

PRICE OF TIN SLIPS LOWER--Kuala Lumpur, Feb 4 (OANA-BERNAMA)--The price of tin dropped to M$17.80 (about $7.42) per kg at the Kuala Lumpur tin market which reopened for trading Monday [3 February]. The further slide in prices from M$18 (about $7.50) was attributed to thin dealings on its second day of trading after a 3-month suspension, dealers said. The fall was also due to a lack of demand, with buyers reluctant to commit until the market shows a more discernible trend, they said. Operators remained uncertain, awaiting the outcome of the meetings between International Tin Council and creditor banks in London Wednesday. Turnover, mainly contributed by smaller miners, was only 3 tonnes compared with 36 tonnes Monday. No overseas demand was noted, according to dealers. They expect the turnover to remain low in the near future because most miners are unwilling to dispose of the metal on the market below M$18.50 (about $7.71). [Text] [Kuala Lumpur BERNAMA in English 1221 GMT 4 Feb 86 BK] /12766

FOREIGN WORKERS TO BE PHASED OUT--Malaysia will phase out foreign workers in stages. They will be replaced by local people in view of the current economic slowdown. More than 20,000 retrenched workers from various industries have registered with the Ministry of Labor up to the end of last year. The Minister of Labor, Datuk Lee Kim Sai, said this after chairing a meeting of the National Labor Advisory Council at his office in Kuala Lumpur today. [Text] [Kuala Lumpur International Service in English 0800 GMT 3 Feb 86 BK]/12766

MCA LEADERSHIP MEETS--Kuala Lumpur, Feb 4 (OANA-BERNAMA)--The top brass of the Malaysian Chinese Association (MCA), second largest component party of the ruling Barisan Nasional Coalition, met for about 4 and 1/2 hours here Tuesday to discuss "party affairs" but President Tan Koon Swan was absent. Deputy President Dr Ling Liong Sik was tight-lipped over the weekly party leaders' meeting but told reporters that Tan was absent because "he is busy." He declined to say more. Tan, freed on a S$40 million bail after being charged on 15 counts in connection with the Pan-Electric Industries affair in Singapore, returned home 2 days ago for the Chinese new year. During his 2-week leave, he is expected to brief the party Central Committee members regarding his position. MCA Secretary-General Lee Kim Sai said the party leadership also discussed the position of the Chinese community but declined to comment when asked about Tan. Among those present at the meeting were Vice-President Chan Siang Sun, Central Committee members Oo Gin Sun, Ng Cheng Kiat, youth Chief Senator Kee Yong Wee, youth Secretary-General Ng Cheng Kuai and head of the women's wing Teng Gaik Kwan. Meanwhile, Tan and other MCA leaders will celebrate the Chinese new year with other Malaysians at Wisma MCA (MCA Hall) here on Sunday. A party statement Tuesday says the party welcomes the public to the "Chinese new year open house" to promote greater goodwill and friendship among Malaysians. Prime Minister Dr Mahathir Mohamed and other cabinet ministers are expected to attend. [Text] [Kuala Lumpur BERNAMA in English 1431 GMT 4 Feb 86 BK]/12766

PROTEST NOTE PRESENTED TO SINGAPORE ENVOY--The Deputy Foreign Affairs Minister, Datuk Kadir Sheikh Fadzir, has handed a protest note to the counselor of the Singapore High Commission, Mr (Lim Chung Yin). The protest was against a statement made by Singapore First Deputy Prime Minister Mr Goh Chok Tong who touched on the Malaysian Chinese Association [MCA]. He asked the Singapore Government to know the feelings of a neighbor. The deputy foreign affairs minister later told newsmen that the cabinet had discussed two events which could be interpreted as interference in Malaysia's internal affairs. The protest note strongly reiterated the deep regret of the Malaysian Government of the derogatory remarks made by the Singapore first deputy prime minister about MCA, the second largest party in the cabinet. [Excerpt] [Kuala Lumpur Domestic Service in English 1130 GMT 6 Feb 86 BK]/12766

CSO: 4200/659

MARCOS' WAGE POLICY REMARKS CALLED 'POTENTIALLY EXPLOSIVE'

HK090445 Manila BUSINESS DAY in English 7 Feb 86 p 3

[Article by Ramon R. Isberto]

[Text] When President Marcos spoke before the Joint Chambers of Commerce last Tuesday, he brought with him a basket of campaign "goodies" that included one potentially explosive item on wage policy.

Asked to comment on his administration's labor policy in relation to investments, the President said he was convinced that the existing setup of setting minimum wages through tripartite conferences was "ineffective." He said the system should be replaced and added that the most "plausible" and "acceptable" alternative may be to leave wage-setting to collective bargaining.

The President's remark was apparently intended to appease employers' complaints that the government has excessively intervened in raising legislated minimum pay over the past few years. He may have however offended, at the eve of the elections, the trade union movement which, for all its internal divisions, is united in asking for a new round of mandatory wage adjustments.

The idea of leaving wage-setting to collective bargaining is a proposal that business and employers' groups have been pushing for years.

In its national conference in April last year, the Employers Confederation of the Philippines (ECOP) passed a recommendation urging the government to back off from legislating national across-the-board minimum pay adjustments.

Instead, it proposed that the minimum wage be set on a region/sectoral basis and that it should be fixed near or below the "natural entry wage," which it defined as "the amount which the employer is willing to pay for a particular job and the rate the employee is willing to accept."

ECOP's idea is that the government should confine itself to legislating statutory or floor rates and shy away from adjustments in cost of living allowances. Above the floor rate, wage levels should be determined through the operation of "free market forces, such as collective bargaining between employers and their employees."

In a paper on wage policy issued two years ago, the Makati Business Club also said wagesetting is "best left to the ordinary process of private collective bargaining..."

It argued that minimum wagesetting is ineffective in any case and that the real hope for keeping workers' real incomes up lies in antiinflationary measures aimed at increasing the supply of basic goods.

Such proposals have become more popular in business circles recently apparently in reaction to the series of wage orders and decrees issued by the government particularly since the mid-1970s. Since 1974, when President Marcos issued Presidential Decree No 99 raising the minimum wage for household help, the government has issued 17 wage decrees, at least 11 of which have across-the-board impact.

Five of these across-the-board adjustments were bunched up in 1983-1984. Employers react particularly to the cost of living allowance increases because such measures cover about 80 percent of wage and salary earners while hikes in the minimum wage benefit only about one-fifth of the total.

Officially, the government's wage policy has recognized that collective bargaining is the "best process of wage determination." The problem however is that only about 15 percent at the most of the country's work force is organized. And the argument goes that until labor builds up sufficient bargaining strength, the state will have to intervene through wage adjustment legislation.

Aside from that, price shocks (either from oil price increase and/or peso devaluations) put political pressure on the government to legislate pay increases.

After the series of pay adjustments in 1983-1984, misgivings over this practice has grown even within the government. Labor Minister Blas F. Ople for one noted then that wage policy appears to have been put on a treadmill that goes faster as price increases accelerate.

In 1985, no new wage decree was issued and the National Wages Council (NWC) began reviewing wage policy in an effort to develop new options. It is unlikely though that President Marcos's endorsement of collective bargaining was what the labor ministry had in mind.

Reaction from the labor movement has so far been muted, perhaps drowned out by the noise of the presidential campaign. But if implemented as policy, that view is bound to meet fierce resistance.

Both the Trade Union Congress of the Philippine (TUCP) and the Kilusang Mayo Uno (KMU) have issued recent statements that a new round of wage adjustments is needed to compensate for the accumulated loss of purchasing power over the past three years and new price increases in recent months.

Such a new wage policy would also probably rekindle charges that the government is implementing a wage-free policy as prescribed by the International Monetary Fund (IMF).

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CSO: 4200/672

FOOD AUTHORITY ALLOWS IMPORT OF U.S. WHEAT

HK070725 Manila BUSINESS DAY in English 6 Feb 86 pp 2, 3

[Text] The National Food Authority (NFA) yesterday re-authorized the eight local flour millers to import half of the subsidized wheat offered to the Philippines by the U.S.

After its sudden and unexplained decision not to allow the mills to import without a prior meeting with the industry and the Philippine Bankers, Inc, (Philbake), the NFA yesterday noon granted authority to the mills, "subject to Sections 4 and 6 of Executive Order No 1028," to import half of the 150,000-metric ton subsidized wheat offer of the U.S.

Jesus Tanchanco, NFA administrator, said import permits for the remaining 75,000 metric tons will also be granted after a "comprehensive assessment of the flour supply and demand situation" has been completed.

The NFA head said it will be necessary for the food agency to meet with the flour millers to determine the additional quantity of wheat the private sector would still have to import.

Section 4 of EO No 1028 states that "the importation of wheat and distribution of flour shall henceforth be open to the participation of and undertaken by the private sector: provided, however, that the government through the National Food Authority may import wheat and distribute flour under competitive conditions with the private sector, whenever deemed necessary to maintain the domestic selling prices of flour within reasonable levels."

On the other hand, Section 6 provides that the NFA shall issue the guidelines for the implementation of the policies set forth by the executive order.

The 75,000-metric ton import will be divided into three boatloads of 25,000 metric tons each, with two shipments of hard wheat.

Sources from the industry said a bidding will be conducted today for the first boatload of 25,000 metric tons of hard wheat. This shipment is intended for Manila flour mills.

The bidding for the succeeding shipments may be conducted after the elections, sources said.

Early this month, the U.S. Department of Agriculture (USDA) approved the sale, at subsidized rates, by U.S. exporters of some 150,000 metric tons of U.S. wheat to the Philippines under USDA's export enhancement or "export bonus program."

With the subsidized rates, the Philippines stands to save at least d3 million, Felix K. Maramba Jr, president of the Philippine Association of Flour Millers, Inc (Pafmil), said.

When the Pafmil however asked the NFA for an authority to import so it could avail of the foreign exchange savings, the food agency only allowed the mills to import half of the 150,000-metric ton offer.

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CSO: 4200/672

DISBURSEMENT OF RURAL SUPPORT PROGRAM FUNDS DELAYED

HK050439 Manila BUSINESS DAY in English 4 Feb 86 p 25

[Text] Disbursements of Economic Support Fund (ESF) funds under its Rural Productivity Support Program (RPSP) have been delayed, the ESF Council noted in its last meeting for 1985.

The ESF Council reported that while it had already allotted P678.561 million or 71.1 percent of the P940.571 million available under the RPSP to 30 foreign-assisted projects, only P221.5 million had been disbursed by their implementing agencies.

This would necessitate the extension of the disbursement period beyond 1985 and could open the ESF to charges particularly from United States audit officials that the unutilized funds are being diverted to other programs, the report said.

ESF officials said delays in the implementation of these foreign assisted projects by the concerned agencies have caused the delay in the disbursements of funds.

The RPSP is a component of the 1985 ESF package intended to provide 47.5 million (P950.571 million) in counterpart funding for selected foreign-assisted projects. It was slowed down by the Philippine government's inability to provide counterpart funding.

The usual arrangement in foreign-assisted projects is for the Philippine government to advance the funds for a project, for reimbursement after completion. But because of a limited budget, several of these projects could not be started or continued.

The RPSP now provides funding for 30 foreign-assisted projects costing P3.209 billion. Of the total, P1.308 billion will be provided by foreign loan proceeds, P1.040 billion from Philippine government funds and P940.6 million from the ESF's RPSP.

Providing the loans for these projects are the Asian Development Bank, International Bank for Reconstruction and Development, and US Agency for International Development.

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CSO: 4200/672

SUGAR FUNDS DIVERSION COULD HAMPER PRICE STABILIZATION

HK060237 Manila BUSINESS DAY in English 5 Feb 86 p 28

[Text] The P250 million earmarked for the Philippine Sugar Marketing Corp. (Philsuma) to buy the seasonal oversupply of domestic sugar has just been "diverted" to the National Sugar Trading Corp. (Nasutra) industry sources said yesterday.

The claimed "diversion" was allegedly finalized last Monday, with the money released to Nasutra. This was only a day after an apparently confident Philsuma announced that President Marcos "has released" to it the amount from the Casinol Trust Fund.

The word is that the President was "convinced" by some sugar industry men to "divert" the money instead to Nasutra.

Sources noted that with the amount, Philsuma intended to "siphon off" some 250,000 metric tons of sugar representing this crop year's "seasonal oversupply" of the commodity in the domestic market.

The siphoned off volume would then be released back to the domestic market in the lean months to stabilize the price of sugar. Based on sugar's production cycle, December to April are the peak production months. Before and after would be the lean months.

The sources said they are worried about the supposed "diversion" of the P250 million because the industry is now halfway through the milling season and funds for Philsuma's "price stabilization program" are direly needed.

The "diversion" is seen to have two effects. One--which may be welcomed by sugar producers--is that with the money in Nasutra's hands, the producers may now try to collect what it owes them.

However, the amount is not enough to pay off all of Nasutra's debts to the producers. A rough estimate is that Nasutra owes producers P400 million for their domestic sugar alone from last year's crop. This does not include what Nasutra owes them in price differentials for export sugar.

The other effect is said to be the "setting back" of Philsuma's price stabilization program for the domestic market.

Under this program, the P250 million would be used to buy up initially 20 percent and later 40 percent of the country's production from a certain date.

After the buying is through, the total volume withdrawn from the domestic market would have come to 250,000 metric tons, the volume forecast to be the seasonal oversupply.

Industry sources explained that of the total 1.3 million metric tons' projected production this crop year, 208,000 metric tons would be for export and 850,000 metric tons for the domestic market. These two total only some 1.05 million metric tons.

Therefore, sources estimate, the "balance" of 250,000 metric tons from this year's production--or the seasonal oversupply in the domestic market--will have to be withdrawn from the market and later during the lean months to stabilize prices.

Philsuma's buying price for this "seasonal oversupply" under the program was set as P300 per picul.

Philsuma Chairman and President Fred J. Elizalde, according to his spokesman Elpi O. Cuna Jr., did not know as of late yesterday afternoon, about the reported "diversion" of the amount to Nasutra.

As far as Elizalde knows, the P250 million is still being worked out for use in Philsuma's planned stabilization program, Cuna said.

Cuna added that according to Elizalde, the Philippine Sugar Commission, the regulatory body in the industry, and the Philippine National Bank--where the money is supposed to be deposited--would be in a better position to know about the "diversion" of the amount to Nasutra.

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CSO: 4200/672

TRUST FUND MONEY RELEASED FOR SUGAR PRODUCERS

HK070727 Manila BUSINESS DAY in English 6 Feb 86 p 18

[Text] Budget Minister Manuel S. Alba yesterday authorized the release of P250 million from the Casino Trust Fund to the National Treasury for use by the Philippine Sugar Commission [Philsucom]-National Sugar Trading Corp. [Nasutra] executive committee in liquidating crop year 1984-85 sugar produced during the period March 4 to Aug 31.

This follows President Marcos's Jan 27 directive in Bacolod and Iloilo for the Bureau of Treasury to make available P250 million from the Casino Trust Fund for payment to sugar producers.

The P250 million will be channelled through the Philippine National Bank [PNB]. PNB will in turn release the funds to Philsucom-Nasutra executive committee which had been mandated to liquidate crop year 1984-85 sugar produced from last March 4.

PNB sources indicated that the bank is now ready to implement the payments scheme as soon as documentation is completed. These funds will enable the Philsucom-Nasutra executive committee to fully liquidate the crop year 1984-85 sugar production of PNB-financed planters and part of the mills' share.

Excess funds will be applied to the liquidation of sugar financed by the Republic Planters Bank.

Meanwhile, informed sources also revealed that additional funding is being sought from the Casino Trust Fund to liquidate the balance of the 1984-85 sugar crop.

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CSO: 4200/672

BIG COPPER PRODUCER SUSPENDS ALL OPERATIONS

HK050949 Manila BUSINESS DAY in English 4 Feb 86 p 13

[Article by Noel D. De Luna]

[Text] Atlas Consolidated Mining and Development Corp., the biggest copper producer in the Far East, has suspended in all its operations, including support facilities, maintaining only those needed by maintenance and emergency services.

The complete shutdown came as ore production halted at the underground and open-pit mines which were the only operations Atlas had left after it went on partial shutdown last year.

Those two operations had to be stopped because of a work slowdown and sit-down strike by the rank-and-file workers who are supposed to negotiate with management today on a collective bargaining agreement [CBA].

BUSINESS DAY sources in Atlas said the sit-down strike and work slowdown are "illegal." They added that, as no ore was being produced, management had no choice but to shut down operations.

Asked how long the work stoppage could last, one source said, "it could last for as long as the negotiations for the CBA take."

Sources said the main problem is that "people who can help"--referring to officials of labor ministry--cannot be found because they are all out campaigning during the homestretch of the presidential elections.

Ironically Atlas as of Jan 19 had exceeded its production goals and its milling turnover was above the daily target, sources said.

The Atlas copper operation in Cebu has two open-pit mines and one underground mine plus three concentrators. It has an original production capacity of 110,000 metric tons per day.

Last July, Atlas reduced its operations by 28 percent to cut costs in view of very low prices of metals in the world market. It shut down one open-pit mine and one concentrator in Cebu.

Two months later, Atlas reduced its operation by a further 30 percent--[to] improve its cash flow. It closed another concentrator and the remaining Cebu open-pit mine.

Before yesterday's total shutdown, however, Atlas was getting highgrade ore from the open-pit mine which greatly augmented the production from the underground mine.

Stockbrokers--yesterday said they expected the price of Atlas shares to tumble because of the shutdown, but they added they were confident that speculators would face the sellers squarely. During yesterday's trading, Atlas stock dropped to P2.80 per share from a previous price of P3.

Stockbrokers said there are block buyers of Atlas around and whenever Atlas stock hits P3, the buying eases off until the price falls to P2.50 to P2.70. At that point the buying orders appear again, they said.

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CSO: 4200/672

BUSINESS DAY REPORTS ENHANCED TAX COLLECTIONS

HK051536 Manila BUSINESS DAY in English 5 Feb 86 p 15

["Economic Indicator" column: "Tax Collection up 29 Percent in 1985"]

[Text] Tax collection last year increased 29.41 percent to P74.39 billion from P57.48 billion in 1984, advanced estimates from the National Economic and Development Authority (NEDA) showed.

Tax collection went up despite the non-implementation of new tax measures, with the exception of Presidential Decree No. 1991 which called for the imposition of new sales taxes. The increase could primarily be attributed to the improved tax collection effort.

Of the total collection last year, indirect taxes, consisting of taxes on business and occupation excise taxes on domestic products, excise taxes on imports, export duties, import duties, and other indirect taxes, accounted for 71.37 percent. Last year, revenue generated from indirect taxes amounted to P53.09 billion, 22.59 percent or P9.78 billion more than the year ago level of P43.31 billion.

All sources of indirect taxes registered increase except for two: export duties and import duties which recorded declines of 30.76 percent and 5.69 percent, respectively, a complete turnaround from the increases of 557.14 percent and 9.98 percent these taxes posted the previous year. Due to sluggish export activities coupled with import restrictions last year, income generated from export duties plunged from P1.52 billion in 1984 to P1.05 billion last year, while import duty collection went down to P13.39 billion from P14.2 billion.

The remaining 28.63 percent of total collection was accounted for by direct taxes composed of income taxes on business, individual income taxes and other direct taxes. Contributing P21.3 billion to the aggregate, last year's direct tax collection was 50.25 percent higher than the P14.18 billion collected in 1984.

Direct and Indirect Taxes by Type
1983 to 1985
(In million pesos)

Type of Tax	At Current Prices			Growth Rate	
	1983	1984	1985	1983-1984	1984-1985
A. Direct Taxes	9,445	14,178	21,303	50.11	50.25
Income Tax on Business	4,799	8,181	11,519	70.47	40.80
Income Tax on Individuals	3,875	4,450	6,258	14.84	40.63
Other Direct Taxes	771	1,547	3,526	100.65	127.93
B. Indirect Taxes	35,172	43,305	53,088	23.12	22.59
Taxes on Business and Occupation	4,007	5,169	9,501	29.00	83.81
Excise Tax on Domestic Products	6,616	10,065	14,296	52.13	42.04
Excise Tax on Imports	3,757	3,130	3,390	(16.69)	8.31
Export Duties	231	1,518	1,051	557.14	(30.76)
Import Duties	12,911	14,199	13,391	9.98	(5.69)
Other Indirect Taxes	7,650	9,224	11,459	20.58	24.23
Total	44,617	57,483	74,391	28.84	29.41

Source: National Economic and Development Authority

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CSO: 4200/672

OPPOSITION CRITICIZES TERMS OF TRANSPORT FIRM SALE

HK090443 Manila BUSINESS DAY in English 7 Feb 86 p 2

[Text] An oppositionist coalition of cause-oriented groups has accused Philippine National Bank [PNB] of violating the people's trust by "handing over Pantranco North Express, Inc. to a private group closely linked with Gregorio Araneta III, the President's son-in-law, without exacting payment of any single centavo."

Teofisto Guingona, chairman of Bandila and vice-chairman of Laban ng bayan, said the sale of Pantranco "makes a mockery of accountability and anti-graft laws."

The sale was negotiated by officials of PNB and its National Investment and Development Corp. (NIDC) with Dolly Potenciano, president of Northern Express Transport, Inc. (NETI) and owner of Batangas Laguna Tayabas Bus Co. (BLTB), one of several bidders for the purchase of Pantranco.

Guingona described the transaction, involving P775-million purchase price, as "anomalous." He said NETI, through BLTB, agreed to buy certain assets of Pantranco but not its liabilities.

"Terms of payment include a P55-million downpayment while the balance is payable in 12 years," he said. "The downpayment was not given. No centavo was given. Instead, the group got the incomes generated by Pantranco since Oct 1, 1985."

He alleged further that the assets in the sale did not include 60 buses in good condition and about P2.5 million worth of spare parts and supplies, but PNB nevertheless turned these over to NETI.

Sources said NETI initially offered P600 million for Pantranco, with a P26-million downpayment, and the balance of P574 million to be paid in 13 years.

The terms were later changed to a total purchase price of P775 million, with a P55-million downpayment and the balance payable in 12 years, sources added.

Potenciano was not available for an interview when contacted several times by BUSINESS DAY.

Documents made available by sources showed the P55-million downpayment was not paid to PNB but merely placed on escrow with Security Bank and Trust Co.

Guingona also said that in a memorandum to PNB President Placido Mapa Jr. dated Oct 14, 1985, PNB Executive Vice-President J. Lorenzo Vergara and Senior Vice-President F. Maramag Jr. stated "revenues from Pantranco operations (as of 12:01 am, Oct 1, 1985) are now being deposited to the accounts of the buyers, aggregating P10 million from Oct 1 to Oct 10, including revenues of about 60 buses not included in the sale."

At a rate of P1 million in revenues daily, the Pantranco buyers must have already collected P96 million as of Feb 3, which far exceeded the downpayment agreed on, Guingona said.

He added that the sale did not cover Pantranco's liabilities of more than P500 million in loans and P50 million in employee claims and benefits.

"To start with a term payment of 12 years is an abuse of authority in this situation because buses have a life expectancy of three to four years," Guingona said. "How will PNB enforce payment once the buses are already worthless?"

He called for the immediate resignation of Mapa and the PNB board of directors for "grave abuse of authority and failure to protect the interest of the Filipino people who are the real owners of PNB."

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MAKATI JUDGES THROW OUT PETITION ON 'FLYING VOTERS'

HK051546 Manila BUSINESS DAY in English 5 Feb 86 p 27

[Article by Gethsemane M. Selirio]

[Text] The purging could not be done in Makati, so it could not be done anywhere.

A few weeks ago, the Commission on Elections (Comelec) set Makati as the "test case" for an ambitious plan to clean the nation's voters list of the so-called "flying voters." Fifty-one cities and towns were suspected by the Comelec as harboring fictitious voters, with Makati as the more notorious.

Comelec, however, failed to purge the flying voters in the financial district. Despite the presence of prima facie evidence, of identical thumbmarks, four municipal judges of Makati recently threw out the petitions for exclusion filed jointly by Comelec and two registered voters.

The reason given by the judges was that the Comelec has no "legal personality" to file the exclusion proceedings. Another is that Section 8 of the snap election law (Batas Pambansa 883) provides that it is the candidates and their respective political parties who shall have until Jan 31 to file exclusion proceedings.

Of the 137 petitions (affecting 1,167 voters) filed by the Comelec in Makati, only judge Salome Montoya acted favorably by excluding 159 fictitious voters.

But even if all the petitions were granted, Comelec would only have purged an inconsequential number of flying voters compared to the suspected total of 89,413. This number is based on the "statistical improbability" that the town's number of registered voters exceeds the maximum voting population.

Comelec, however, chose to act first with the prima facie evidence available, like the 1,572 voters with identical thumbmarks and other voters sharing addresses and birthdays.

"We did not succeed," admitted Commissioner Froilan Bacungan, who heads the Comelec Committee to purge the voters list. Bacungan had declared during a meeting to announce the purging that "if it can't be done in Makati, it can't be done anywhere else."

In an attempt to salvage the failure of Makati as the purging "test case," Bacungan told BUSINESS DAY of his plan to send letters to the town's board of election inspectors with the names of the suspected flying voters attached.

Bacungan said he hopes this will serve as a "deterrent" to keep the flying voters away from the poll precincts, as the board of inspectors has already been warned.

The purging on the national scale would have been possible had the poll body annulled the permanent lists of voters in the 51 cities and towns. This had been sought by the Integrated Bar of the Philippines [IBP] through a formal petition, citing Comelec's right to do this under Section 145 of the code.

Bacungan, however, said the commission is not inclined to grant the petition. Aside from the fact that it is too late to annul the list (which would entail a new registration), the IBP petition was opposed by Kilusang Bagong Lipunan lawyers who contended that the system of "statistical improbability" utilized only the rule of thumb margin of 20 percent (over the maximum voting population).

Election registrars in the 51 areas were ordered by the Comelec to investigate the exclusion proceedings. Some registrars gave plausible explanations to the bloated voters' lists.

For example, the registrar in Isabela, Leyte, said the Philippine Phosphate Fertilizer Corp. operating there had attracted job-seeking citizens. In Panabo, Davao del Norte, the banana plantations similarly attracted migrants. The problem of a volatile peace and order situation was cited by the Matanog, Maguindanao registrar.

It is in Region 12--Lanao del Norte, Lanao del Sur and Maguindanao, in particular--that majority of the suspected flying voters are. Governor Ali Dimaporo, in a telegram to the Comelec, denied the presence of flying voters identified in 13 towns of his province, explaining that the 1980 census, on which the maximum voting population is based, is "erroneous."

Some 800,000 to one million flying voters would have been removed if only the Comelec was successful in its purging. Bacungan said, however, that his purging committee would continue cleaning up the voters list in time for the local elections in May.

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VOFA NOTES CAMBODIAN RESISTANCE'S NEW TACTICS

BK311146 Bangkok Voice of Free Asia in Cambodian 1300 GMT 30 Jan 86

[Unattributed Article: "New Forms of Struggle in Cambodia"]

[Text] Those who observe the situation in Southeast Asia are waiting to see when Vietnam will launch its annual cruel offensive against the Cambodian patriotic forces, during which its troops might also intrude into Thai territory. This is because since 1978, when Vietnam sent its troops to invade and occupy Cambodia, the Vietnamese armed forces annually launch their military offensives in the dry season to root out CGDK bases and Cambodian resistance forces fighting to prevent Hanoi from occupying Cambodia. Since the bases of the Cambodian patriotic forces are mainly set up in the vicinity of Cambodian refugee camps along the Thai border, the Vietnamese forces have often attacked the Cambodian refugee camps as well as the Cambodian resistance bases in the area. They have also repeatedly violated Thai sovereignty during these raids.

In the current dry season which started in November 1985, despite frequent reports that the Vietnamese have sent more troops, tanks, and guns to areas near the Thai border, there has been no major fighting between the Vietnamese forces and the Cambodian resistance. Only minor clashes and a few minor Vietnamese incursions into Thai territory have been reported. These incidents have not been serious enough to warrant the dispatch of Thai reinforcement to the border. There have also been no reports of any heavy losses suffered by the Cambodian patriotic forces.

Observers and experts on the situation in this region are wondering what Vietnam is doing. Why has it not launched its yearly offensive. Have the Vietnamese forces lost their striking ability? Have the Cambodian resistance forces been so crippled that the Vietnamese forces no longer need to launch any major actions?

Answers to these questions can only be guesswork as no one can read the minds of the Vietnamese leaders. However, by assessing the capabilities of both the Cambodian and Vietnamese forces and taking into consideration the deployment of Vietnamese forces along the Thai border, it can be surmised that Vietnam is certainly thinking about launching sweep operations against the Cambodian resistance. However, since the Cambodian resistance forces have changed their tactics by not launching the frontal attacks the Vietnamese expected, the latter have failed to find any pretext to launch military operations or attacks even against Cambodian refugee camps along the Thai border as they have done every year before. Therefore, the question now is: what tactics have the Cambodian resistance forces resorted to that have prompted the Vietnamese to send more troops and arms to the border, which so far has proved to be a waste of time, strength, and effort as they have not done any harm to the Cambodian resistance forces?

If we look back 5 or 6 months, we will find the answer. This is because, after the formation of the joint military command between the armed forces of Samdech Norodom Sihanouk and those of Son Sann, it was learned that the military forces of the two groups would coordinate their fight against the Vietnamese, and they will do this without keeping any permanent bases along the border with Thailand. Instead they would use guerrillas tactics to the maximum, sending small squads of forces to conduct activities deep inside Cambodia. These forces use the following simple guerrilla warfare principles: the enemy advances, we retreat; the enemy camps, we harass; the enemy tires, we attack; the enemy retreats, we pursue. At the same time, psychological work will be applied in the political field among the masses of Cambodian people in various localities on the premise that the Cambodians have a high sense of patriotism and a deep love for freedom.

The Cambodian patriotic forces can find and get assistance in food and shelter from the people by acting like ordinary citizens. However, they will perform as guerrilla fighters against the Vietnamese whenever they have the opportunity. The Vietnamese forces cannot tell who are civilians and who are fighters of the Cambodian resistance. For this reason, the Vietnamese forces cannot eliminate the fighters of the anti-Vietnamese resistance groups, unless of course they sweep out all Cambodian people all over the country--and the Vietnamese might already have thought about this method!

Therefore, no matter how many troops Vietnam has sent to Cambodia, it will never be able to completely wipe out the Cambodian patriotic forces. On the contrary, the Cambodian fighters are putting up an increasingly effective resistance. The Vietnamese leaders are clearly aware of that, and know that there is no way for them to win. Vietnam may be able to occupy Cambodia, temporarily, with the presence of hundreds of thousands of troops, but it will never be able to vanquish the patriotism and love for freedom of the true masters of the country. Vietnam surely understands too well that it was this sense of patriotism and similar guerrilla warfare tactics that enabled it to stand up against the imperialists who sought to colonize Vietnam for more than a decade, and enabled them to triumph in the end. The annals compiled by Vietnam's national liberation fighters should be a good lesson for all Vietnamese. The Vietnamese leaders certainly grasp the point, but if they stubbornly refuse to admit the mistake of their policy of invading and occupying Cambodia, it is because they want to divert the attention of the Vietnamese people and the world community from the increasingly deteriorating economic situation in Vietnam.

Vietnam is now behaving like a colonialist by occupying Cambodia while the Cambodia patriotic forces are joining hands under the CGDK leadership in waging a guerrilla struggle to liberate their country from Vietnamese imperialism.

History will certainly show how the outcome of this struggle looks in the end.

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VOFA SAYS SRV CREATING ANOTHER 'KILLING FIELD'

BK311139 Bangkok Voice of Free Asia in English 1500 GMT 30 Jan 86

[Station "Article": "Vietnam Creates Another Killing Field Inside Thai Territory"]

[Text] Once again the Vietnamese troops and their subdued Kampuchean soldiers under puppet Heng Samrin have reversed the futile pledge of Vietnamese leaders by fiercefully making incursions and firing heavy weapons into Thai territory in several areas near the Thai-Kampuchean border which have caused at least 10 Thai civilians and soldiers death within a 10-day period. The details of the attacks are reported as follows:

On 15 January, two Thai cavalrymen were shot dead by Vietnamese artillery when patroling around the frontier. On 20 January, two Thai sawmill workers were killed in Surin Province by the intruding Kampuchean soldiers of Heng Samrin regime, and the third Thai civilian death was caused by stepping on Vietnamese landmines planted in the same area. Later on, two Thai soldiers while fetching the bodies of the three civilians were subsequently shot dead by Vietnamese rockets from the other side of the frontier. From the latest incident, which took place on 24 January, three Thai infantrymen were killed in a clash between Thai forces and a number of intruding Vietnamese troops. The death of the three infantrymen, which happened during 2 hours' clash with the intruding Vietnamese soldiers, followed that of three Thai marines who were killed on the preceeding day when Vietnamese mortars crashed into their bunker in Trat Province.

As a result, upon incursions by Vietnamese soldiers during the third week of this month, 1,000 Thai residents had to be evacuated out of the fighting area to ensure the safety of their lives. These terrible events have obviously exposed to the outside world the unconcealable desire of the Vietnamese side to employ its military strength rather than political and peaceful solutions to settle the Kampuchean problem.

Without common border with Vietnam, Thailand should not have suffered such evil aggression only if the leaders of Vietnam had been honest to their promise and to their outward expressions of peace-loving manner and of non-hegemonist policy. However, in a way, the Thai masses this time would probably have been compensated, as before, by losses of Vietnamese hope for better understanding and sympathy from the outside world as well as losses of its future assistance from any international entities for fear of the unchanged aggressive policy and misuse of aid by Vietnam. In fact, in spite of many individual countries' and global international organizations' plea for peaceful solution of the Kampuchean dispute, and also their request for Vietnamese super ally to halt its supporting role in this regional conflict, about early November 1985 onward the military movements in Kampuchea have been intensified by the increased numbers of troops and armaments, Vietnam has vigorously expanded its occupation force to more than 200,000 soldiers, which is by far the largest number since the beginning of the Vietnamese invasion in 1978. The Soviet tanks, artilleries, ammunitions, and other armaments have been immensely shipped to Kampuchea in continuation from the beginning of this year's dry season which started from November 1985.

Vietnam has thus far dispatched more than 26,000 fresh troops in Kampuchea during November to December last year. According to its alleged plan and objective, Vietnam would mobilize the maximum of its force to western Kampuchea, which is the area close to the Thai-Kampuchean border, in order to wipe out the nationalist coalition forces under the leadership of Prince Norodom Sihanouk, Son Sann, and Khieu Samphan. In addition, East German vessels were also used for arms shipments directly from the Soviet Union. The new military supplies also entered Kampuchea by rail and inland waterways from Vietnam's huge stockpile of Soviet armaments. At present, Vietnamese forces have confronted the nationalist armies of about 80,000 troops--with 50,000 under Khieu Samphan guerrilla faction, 2,000 under liberalist Son Sann headquarters, and 10,000 loyalist army of Prince Norodom Sihanouk who is the president of the tripartite anti-Vietnamese coalition. The coalition forces are currently in an even better position than during the last dry-season offensive since they have no vast areas to defend.

After losing the mountain camps along the Thai-Kampuchean border, the nationalist fighters have penetrated far deeper into the central Kampuchea and thus successfully cooperated their subversive activities and inflicted heavy damage on the Vietnamese troops around Phnom Penh. However, the cooperation between Vietnam, its puppet Heng Samrin regime, and some of its eastern allies seem to be totally incompetent and unfruitful owing to lack of enthusiasm among the majority of Vietnamese soldiers. Though their leaders are wishful to elaborate on the eventual establishment of an Indochinese federation under the Vietnamese Communist Party, they evidently did not consider the economy of their country and the morale of their soldiers.

There have been several reports revealing riots and rebellions of Vietnamese soldiers who are nervous and impatient of the infinite war created by their aggressive leaders. As repeatedly announced, Thai authorities have always reserved the right to defend their homeland's sovereignty and territorial integrity as well as to retaliate the Vietnamese troops with every necessary means. Eventually Vietnam has to bear the ill results effected from any of its own violations of Thai soil and Thai lives. For Thai people are certainly determined not to allow their country being another killing field of Vietnamese troops.

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DISSIDENT MP'S CONTEMPLATE FORMING NEW PARTIES

BK020203 Bangkok BANGKOK POST in English 2 Feb 86 p 3

[Text] Dissident MPs from three political parties are planning to set up a party of their own probably under the banner of the inactive Social Agrarian Party, informed sources told the BANGKOK POST yesterday.

The sources said that informal talks have taken place among dissident members of the Social Action, Chat Thai and Prachakon Thai parties about plans to break away from their ranks and join together under a new party.

The sources noted that the Prachakorn Thai dissidents were angry about the lack of freedom in the party under leader and Communications Minister Samak Sunthorawet.

Meanwhile, their colleagues in the opposition Chat Thai Party are said to be unhappy about the various interest groups in its ranks.

Chat Thai dissident Colonel Narong Kittikhachon said that the breakaway group had yet to decide on its new identity or leader.

The sources said that it had been generally agreed among the dissidents that they would seek permission for Prime Minister's Office Minister Sawat Khamprakop to use the name of the Social Agrarian Party which has been inactive for some time.

It was reported that the Social Agrarian Party was registered with the Local Administration Department several years ago.

The sources said that by adopting the Social Agrarian banner, the dissidents would save time and money needed to set up an entirely new party.

Meanwhile it was reported that Phetchaburi MP Piya Angkinan of the National Democracy Party [NDP] is also considering forming a new pro-military party to be called the Chat Seri (Thai for free nation).

Mr Piya has distanced himself from the NDP ranks following a conflict with former Commerce Minister Op Wasurat, a senior party member. Party leader Kriangsak Chamanan, is now being tried on charges arising from the September 9 coup attempt.

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ADVISOR INTERVIEWED ON ECONOMIC POLICY, TRENDS

Bangkok MATICHON in Thai 23 Dec 85 p 3

[Interview with Anat Aphaphiron, chairman of the Thai Institute for Research on National Development and advisor to the prime minister:]

[Excerpts] [Question] In your position at the Institute as host and organizer of last week's seminar on "The Future of Development," would you please comment on and assess the success of the seminar.

[Answer] The gradual across-the-board solution of national problems by increasing the budget by 10 percent a year equally for all programs or cutting all equally is not a program reform. Program reform requires discontinuing one project and adding another project. Zero growth does not mean zero growth in everything. Things must be discontinued and added. Suppose that tourism brings in a lot of money. Then zero growth in the tourism budget requires that other things be cut and tourism expanded. It is the opposite of what we think of when we have to reform plans.

Here many people have discussed whether or not economic conditions are worsening. How bad will they get? I feel that figures do not interest people much. What interests them is the question of whether they are bad. the truth ought to be reflected in the figures. Then we could convert them to the idea that things are bad and make them realize how bad they are.

If I were asked, I would say that the figures Professor Wiraphong's group predicted are based on conjecture, but it can be debated how that conjecture fits with cause and effect. They are really five important items of conjecture:

(1) The world economy will grow approximately 2.5 percent in the next 5 years. Why say 5 years? People may laugh about how this will happen when some people say that in the next 2 years the prices of agricultural products will fall. But if someone brings this up, people would probably say it is not true and that in the future they will rise 3 percent with the world rate of inflation.

(2) It is asked where the 3 percent inflation rate comes from. It comes from the conjecture that the world will have a rate of inflation of approximately 3 percent. If someone says 10, it will be too strong. And if someone says

there will not be any, that couldn't be. Therefore, after chatting among ourselves, we came up with the 3 percent figure. This ought to be possible.

(3) The price of oil is experiencing a downward trend. Conditions are such that in the next 2 years it should increase by 3 percent like agricultural products.

(4) About loans, they say that the governement will not borrow more than $1 billion a year. If someone says we need to borrow 20 billion a year, some people will say that this is not so. The government now has a policy of not borrowing more than 1 billion a year. Therefore it is expected that the policy will be retained in the future.

(5) Trade protection will probably continue during the next 5 or 6 years.

These are the basic assumption. When they are factored in, what comes out is (1) that the economic growth rate will slow down over the next 2 years to about 3.5 to 3.2 percent with a 3 percent rate of inflation. When you look at these figures, if you ask whether they are bad, the answer has to be that they are worse than before. Very bad? Some people might say not very because the growth rate is still higher than the rate of inflation. Therefore, ordinary people can still be satisfied, and when compared with the world growth rate of 2.5 percent, our growth is better.

Here we must understand that it is worse than before. The next thing that Prof Wiraphong pointed out was that the debt causes it to become a little worse. He therefore said we must adjust our foreign debt burden. After adjustment it is still as much as 30 percent of the income from exports, which is still considered to be in the danger zone. Here if were are capable of increasing exports, we will not reach this figure. To prove Prof Wiraphong wrong, we must increase exports, and I would like to prove him wrong through exports.

The question is whether with a debt of this scale we cannot borrow much money because of the danger. When we cannot borrow much, the funds of the country decrease. Habitually, the Thai people have few savings. Money becomes difficult to acquire, and therefore financial assets decrease. Interest rates may rise. As the bank women say, when things are like this, the patient is not well. This does not mean we are on the verge of death but resemble a headache, fever, nausea, limping, and lack of strength. What form will the symptoms take?

Some kinds of trade must go to the dogs in economic conditions like these, illness is unavoidable. With these symptoms, some industries may be closed down. Another symptom is thos people completing their studies will be without work. Then some banks will be in trouble and there may be financial problems. The government will have to step in and reform financial planning.

[Question] But it still can be said that the experts are only warning us. What clear solution is there?

[Answer] Take our institute first. We debated a lot in the institute about what to do this year. We might point out a solution next year, but this year we only want to resemble the Meteorological Department. Whether a matter of government or commerce, the people and industrialists and financiers must see what must be done with these kinds of figures if one believes in our predictions. In our seminars we invite the real experts to comment. The critics submitt their solutions such as by saying that the government must lower interest rates or apply its strength.

[Question] In government, this depressed atmosphere makes it look as though more progressive or slightly risky options will not be exercised because the government sector spends large sums of money.

[Answer] I would like to put it this way. When a family thinks its income will decrease, when it believes its debts will increase, and when it is known that some people in a family will be unemployed, what must be done is that in setting up new spending plans, they should be set up so as not to affect family's financial situation. I think this can be done. Look at all the families that suffer these conditions. The air conditioning is on morning, noon, and night. Turn it off in the mornings, for example.

[Question] Can it be done while still maintaining a certain rate of development?

[Answer] Yes, we aren't just going to stop everything. Thailand is a country with funds and resources. Irrigation projects runs in the hundreds of thousands, millions. I do not know how many roads have been created or how many harbors. We have done many things. Therefore, we have the duty to use things we have achieved to the utmost benefit.

[Question] In the financial sector is there the feeling that there is an increased confidence in customers for investment loans and you don't see them as being unable to repay, hence not getting the loans?

[Answer] As far as I have observed, I would divide them into five groups. each group reacts to the things we have predicted in different ways. The first group, financial institutions, clearly believes that our predictions are still good. In fact, the situation is worse than this. Later the financial institutions will become stricter than before. They will announce a policy on lending money without consulting a fortuneteller. No mater how wealthy one is, if the project is not good, they won't [loan the funds]

The second group, the businessmen, is itself composed of two groups, the defeated and the undefeated. The undefeated group is mostly the group that produces necessary consumer goods like detergents, soaps,and soft drinks. The undefeated group does not want the people to become alarmed. Therefore they say they will fight. As for the defeated group, they say this way they cannot avoid defeat.

The third group is the engineers. The engineers like to build because it is their job. When the economy is like this, they must build less. Therefore, they say: Hey, its not that bad.

The fourth group is the experts. They say this model is conjecture. It can no longer be believed much. As for the reaction of the media, the fifth group, which likes to be tough on the government but still comfort the people, it says it will be okay, we can fight it because we know the figures in advance. The figures predicted elicit different responses.

[Question] How do you feel about Professor Khukrit's attack on experts for hire?

[Answer] I feel indifferent because it is like a view of the Meteorological Department. It can be expected to be attacked. I don't know why he came out and said that. You'd have to ask him.

[Question] In the government sector Dr Siwawong Changkhasiri said we only talk, talk, talk but rarely act. What is the basic problem of the government?

[Answer] The government has three or four problems. The first is that the government has mixed political problems with the solutions to economic problems. This is certain. I have not accused the government of playing politics, but it is natural that political decisions will have political implications for the economy. But I will not judge the formula for the mix--80:20 or 20:80, I don't know.

The second problem of the government is mechanical. It is known that a solution must be done a certain way, using a sword, but when the sword is withdrawn, it is rusty. The mechanism is not good enough. It is not efficient enough. To say this problem must be solved like that, to think through the mechanism is tiring.

The third problem is pressure from influential groups. It is not only a political matter. In solving any problems there are people who will be at a disadvantage. Plans for reforms in the price of oil are like a bear eating bees or like bees breaking away from the hive, ha ha. Although it knows what is right, but when it makes a move, the bees break away from the hive.

The fourth problem of the government concerns decision making. There is a gap between planners in the government units and their superiors who make the decisions. As Minister Michai clearly said, it shows that there is a gap when the people below cannot yet come to an agreement and the government makes the decision. Sometimes the government cannot see what the true conditions are, and it is difficult for it to make a decision.

[Question] Turning to the question of mechanics, the picture that emerges now, particularly speaking of the mechanics of planning units as the Development Council, is that they are viewed increasingly a negative light. They are factionalized. Would it be good to consider solutions to these problems?

[Answer] What is not good is this. Whenever everyone is a mover and shaker, it is easy. When the economy steadily improves, things move. Retrenchment is difficult, because then, I hold back first, then you hold back later. This is problematical because there must be a leader in holding back for whom holding back is better than continued movement. The truth is the loss of a war that is really easy because of the inability to retreat. We are now in a period of retrenchment. Even if we are not at the point of total defeat, we are in retrenchment--how can we do this without getting wiped out. This is difficult to do. This leads to the feeling that the Development Council lacks unity at present.

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THAILAND BASES TIN TRADING ON MALAYSIAN MARKET

BK030109 Bangkok BANGKOK POST in English 3 Feb 86 p 3

[Article by Bunsong Kositchotthana]

[Text] Phuket--Thailand will today change its ad hoc tin trading and royalty collection system back to the old one based on the Kuala Lumpur Tin Market which resumes trading this morning following a three-month suspension because of the global tin crisis.

The change in the ad hoc trading arrangement of Thai tin, the country's fifth largest commodities foreign exchange earner, was agreed on over the weekend by the three parties concerned in the industry--the Department of Mineral Resources [DMR], the Mining Industry Council (MCI) and the Thailand Smelting and Refining Co (Thaisarco).

Department of Mineral Resources' Director General Siwawong Changkhasiri told the BANGKOK POST here that the trading arrangement, under which Thaisarco, the country's premier tin smelter operated by the Royal Dutch/Shell Group, which since December 17 had played an intermediary role in matching up bids and offers by overseas buyers and local miners, had now been abolished.

The ad hoc trading arrangement was introduced by Thailand during the absence of official price references following the trading suspension of the world's two influential tin trading forums, the London Metal Exchange (which has been closed since October 24), and the Kuala Lumpur Tin Market. Trading of Thai tin has been traditionally and legally tied to the Kuala Lumpur Tin Market (KLTM).

Both the London Metal Exchange and the KLTM suspended trading after the International Tin Council, the 22-member body of consuming and producing countries, ran out of money to support the buying of the metal.

Mr Siwawong said that the ad hoc trading arrangement, which has succeeded in getting Thai tin moving during the closure period, is in line with the traditional practice that Thai tin prices follow the KLTM's quotations which are also officially adopted by the Department of Mineral Resources as bases for calculating tin royalties.

During the KLTM's suspension, the DMR fixed its own base prices of tin which reflected the prices in grey markets for royalty calculation--that mechanism is also to cease today.

Mr Siwawong said Thaisarco, under the agreement made over the weekend, will continue to operate on the so-called "back-to-back" basis, meaning that it will buy tin concentrate from local miners at prices not less than the KLTM's daily quotations but it is not obliged to buy the ore if there is no order for the metal from abroad.

The KLTM's planned reopening drew mixed reactions from the local industry as it assessed the impact on the country's tin trading. Thailand is the world's third largest tin producer.

Mr Siwawong welcomed the Malaysian move as it officially set reference prices for tin.

Executives of Thaisarco's smelter here cautioned that it would be premature to speculate on its effects on the general tin industry. However, Thaisarco's commercial manager Yut Iamsa-at said that if the KLTM's prices reflect realistically the prices adopted currently by buyers and sellers then it should not affect the trading volume of Thai tin.

Tin which was suspended at a price of 8,140 UK pounds a ton on the LME for three-month delivery, is now trading in a range of 5,700 to 5,900 pounds a ton in Europe.

In Malaysia the grey market being operated by the two smelters at Penang has reported about 6,500 tons of tin. The metal over the weekend fetched about 18 ringgits a kilogramme.

In Thailand, a total of 2,305 tons of tin were exported through Thaisarco from December 17 to January 27. Thai tin prices over the weekend were at the same levels as Malaysian tin.

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FOREIGN MINISTRY GIVEN LIST OF USSR SCHOLARSHIPS

BK070117 Bangkok THE NATION in English 7 Feb 86 p 5

[Text] The Foreign Ministry has just received a list of 60 scholarships that the Soviet Union intends to offer to Thai students and will process the matter through established procedures before giving an official reply to the Soviet Embassy here, informed Foreign Ministry sources told THE NATION yesterday.

The Soviet Embassy submitted the list with related details on the educational institutes and their curricula after the Foreign Ministry had drawn the Soviet attention to the need for them to go through the correct procedures.

The sources dismissed rumours that Thailand had turned down the Soviet offers. One of them said: "If we were going to reject the scholarships, we must have sound justifications. For example, if no Thai students applied for the scholarships or if none of the applicants met the requirements." The sources who asked not to be identified said that the details about the scholarships appeared to be in line with the conditions set by the Thai Government.

The scholarships are intended for technological and scientific study only, according to the sources. The Thai Government last year approved a set of proposed measures by the National Security Council (NSC) to govern the extension of Soviet and socialist states' scholarships and fellowships to Thai students.

According to the measures, a socialist country which wants to extend scholarships to Thai students must offer the scholarships to the Thai Foreign Ministry which will process the offer through established procedures if the scholarships were intended for post-graduate study and for technological as well as scientific study. Under-graduate and social science courses study prohibited. [sentence as published] The Technical Cooperation Department is in charge of announcing the offers, accepting applications and recruiting scholarship recipients from the applicants.

The Thai Government formulated the measures after it had found that the Soviet Union directly recruited Thai students to study in the socialist state on its scholarships.

The number of Thai students studying in the Soviet Union has increased substantially over the past years.

Earlier, a Thai Foreign Ministry official said that the ministry had not officially responded to the Soviet offer because the Soviet Union failed to provide details about the 60 scholarships.

The sources said that Thailand could not decide on the matter without sufficient information. Details on the scholarships offered were needed as study in a Communist state is different from study in a state with a political and social system similar to Thailand's.

But the sources said that the Foreign Ministry was not enthusiastic about getting details on the scholarships.

"We are not asking for scholarships from them. It's them who are making the offers," said one source who asked not to be identified.

"On one hand, they offer the scholarships to our students but on the other hand, they are still providing arms to the Vietnamese in Kampuchea," he said.

THE NATION contacted the Soviet Embassy here for clarifications yesterday but was told they were still not yet available.

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PAPER WELCOMES KPNLF ATTEMPTS TO HEAL RIFTS

BK060055 Bangkok BANGKOK POST in English 6 Feb 86 p 4

[Editorial: "KPNLF Gets Its Priorities in Order"]

[Text] It took a month for Mr Son Sann and General Sak Sutsakhan to realise that their public quarrel was doing nothing more than serve the interests of the Vietnamese occupying Kampuchea. Now before time they have finally patched up the differences that threatened an irreparable split in the ranks of the Khmer People's National Liberation Front. Our reaction can only be one of relief coupled with the hope that both leaders will now set out to demonstrate that the interest of the Khmer nation is more important to them than mere personal gain. Both have an important role to play, both are necessary if the struggle is to succeed.

Mr Son Sann has achieved an international stature. He is seen as one of the main symbols of the Kampuchean resistance. As prime minister of the Coalition Government of Democratic Kampuchea and as president of the KPNLF he has a most important duty to perform. General Sak Sutsakhan too should stay. He is probably the only senior general capable of gaining the respect of the entire nationalist military structure. He is a man of integrity, an authoritarian figure needed to impose discipline and order among his volunteer army.

The task of the nationalist resistance is not an easy one. They are fighting a formidable enemy. Day by day the war continues and total victory or at least an honourable solution is still far off. It is natural for there to be moments of discouragement with the loneliness in the jungle, the uncertain life and constant hardship, the anxiety of soldiers continually deprived of a normal family life and the conveniences that so many of us take for granted. It is possible that the quarrel within the higher ranks of the KPNLF was given more prominence than it deserved. But it is noteworthy that despite the rift, bickering and infighting the camp commanders and their soldiers continued to fight to the best of their abilities.

Seven years ago the Kampuchean resistance was more of a concept than a reality. Today it is no longer a myth. If in doubt ask Hanoi, ask the incumbents of the Heng Samrin regime in Phnom Penh. Why do they need to concentrate so many forces along the Thai-Kampuchean border? Why would Vietnam need to lay tens of thousands of land mines and other booby traps if the resistance were not considered a formidable entity? Why would Moscow and Vietnam start talking about "political solutions" if they truly expected to be able to crush the resistance forces and achieve total military and political supremacy.

Certainly the anti-Vietnamese resistance has had more than its fair share of ups and downs. But the forces they are fighting are not without their own share of problems. One major difference in attitude is that the Vietnamese would never dare wash their dirty linen in public. The concept of public disclosure is unknown in a closed society.

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CSO: 4200/663

3 SOLDIERS INJURED BY STEPPING ON BOOBY TRAPS

BK040303 Bangkok THE NATION in English 4 Feb 86 p 3

[Text] Three Thai soldiers were wounded Sunday morning when they stepped on booby traps at a border village in Prachin Buri following a clash with Vietnamese intruders Saturday night in the same area.

Field military sources said that the latest incident brought the number of Thai soldiers wounded by booby traps since Friday to 13. At least one Thai soldier was killed in one of the border incidents.

The sources said that the soldiers wounded Sunday morning were attached to the Second Cavalry Division. The incident took place in the vicinity of Sanro Changan Village at about 8:30 am.

Earlier Saturday night, Thai soldiers encountered a group of Vietnamese intruders at about 10 pm in a border area southwest of the village and managed to flush them out of Thai territory following fierce fighting.

Three Thai soldiers were wounded when they stepped on booby traps in Nam Yun District of Ubon Ratchathani Friday. At about noon the following day, four more were wounded in a similar incident close to Paet Um Village of Nam Yun District. Another was killed and six others wounded soon afterwards in the same area.

Three of the wounded soldiers were yesterday still stranded in the area, the sources said.

Meanwhile, Army Secretary Maj Gen Narudon Detpradiyut told reporters that the Soviet Union had supplied up to about 100,000 booby traps to the Vietnamese for use in the Kampuchean war.

Some of the booby traps were planted deep inside Thailand, he said.

The Vietnamese planted the booby traps in the border areas to prevent Khmer villagers and Vietnamese deserters from crossing the border into Thailand, he claimed.

Thai soldiers sustained casualties in salvaging the booby traps and this was inevitable because the military had to remove them lest Thai villagers could step on them, the spokesman said.

He said the Vietnamese had been infiltrating the Thai territory and clashing with Thai troops guarding the border areas frequently.

Narudon cited as an example an intrusion in which Vietnamese troops seized a den on Tham Chia Hill in Nam Yun District. The Thai military were able to recapture the den and drove the Vietnamese out at the cost of some casualties, he added.

The spokesman also called on people to donate more blood for Thai soldiers who sustained injuries during their operations along the border areas.

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CSO: 4200/663

NAVY COMMANDER INTERVIEWED ON SERVICE ROLE

BK020257 Bangkok BANGKOK POST in English 2 Feb 86 p 5

["Exclusive interview" with Naval Commander in Chief Admiral Niphon Sirithon by BANGKOK POST editor The Chongkhadikit--date and place not given]

[Text] The: The Vietnamese as usual take exception to our joint exercises with the United States and other allies.

Niphon: When we conduct exercises with our allies, it is our business. It's nobody else's business. Yet the Vietnamese would always use their radio station to make verbal assaults or threats against us. In 1982 they accused us of trying to invade them. We were just practising landing tactics with our American friends on our own territory.

On January 23, as shown on Channel 9, in Ban Khlong Yai, Pong Nam Ron District of Trat, they fired their big guns into our villages, causing serious damage to houses and forcing the inhabitants to evacuate. The villagers were about to harvest their cotton, potato and other crops but were prevented from doing so by the artillery and mortar shells.

This was a deliberate attack and we had to return fire from land and sea. We suffered some casualties but I don't like to give out official figures since the other side never reveals their casualties and they always carry away their dead. Why should I let them know our casualties when they won't let us know theirs?

The Vietnamese fired at us for two and a half hours. Our response in kind was what made them stop.

From this we realise that they were rotating naval units. From the end of December till early January fishing boats were prohibited from using Kompong Som (formerly, Sihanoukville). That meant the change in duty vessels observed. Whenever there is such a change, there is some test shooting.

The Vietnamese would like to know how we would respond if they attacked. When they knew, there would be a lull until another ro-aped with the most up-to-date weaption. [as published]

The: How has development of the navy taken place?

Niphon: From the time I was a cadet until I became a junior officer the navy has been engaged in development. From 1967 we began strengthening naval power. We built the first modern vessel, the "HMS Ratchakuman" which was equipons [as published] with the highest firepower of that period in the region.

We then moved into the electronic and computer stage of development. Development is not limited to materials and equipment but extended to training of personnel and improvement of operational tactics.

During the oil crisis training was pursued through simulation exercises. The Naval Institute has an electronic simulator for war games which are conducted under realistic conditions.

Besides training in battle situations, the facilities provide tests for naval defence contingency plans. The capabilities of potential enemies are taken into consideration. With the instructors using such capabilities, the students try to counter attacks by deploying our own ships, planes and weapons.

In cooperation with American officials at high levels we develop strategies and tactics for maximum utilisation of our capabilities and to keep our men prepared for any emergency. The range of weapons to combat air attacks and the estimation of the range of the enemy's weapons are part of the practical studies on a simulated war condition.

We also gave strategic training equipment like athletic equipment--for situations like battles between surface vessels, combat with attacking enemy aircraft or submarines. All these help make our manpower ready for anticipating enemy targets and planning, counter-measures.

All this supplements training in real vessels and aircraft which have to be reduced during the last couple of hours because of fuel shortage and cost.

Command post exercises (CPX) precede joint exercises with actual equipment.

We have modernised our vessels and aircraft with electronic and computer equipment but we have to deal with the problems of maintenance and of spare parts as well as of men who can keep the equipment in a proper state to enable its best utilisation.

It is most difficult to find the people with the needed talents to go and study maintenance of such equipment, then return not only to carry out maintenance work but also to teach others.

The: In what ways are we improving our naval strength?

Niphon: We have two corvettes being built abroad. Also two minesweepers and one Fokker coastal patrol plane which can be equipped with weapons. One of the corvettes will be delivered next year and the other the following year. The plane will be delivered about the same time. We would like to have three planes but our budgetary restraints only make it possible for us to buy one at a time.

The aircraft can be equipped with Harpoon and Sting-ray missiles. The Sting-ray can be used against nuclear submarines.

At first we didn't want the Sting-ray but just torpedoes but then nuclear submarines have proliferated while there are less conventional submarines. When the then Naval Commander-in-Chief sent me to England, we held discussions with the British Navy and Marconi to make it possible for the aircraft to carry the Sting-ray. There were problems at first but before I left England the matter was resolved with only a few adjustments having to be made.

Long term plans for development have to be changed with the times. Now that Vietnam has been receiving speedy Soviet military aid we have to improve our defence capability accordingly.

The Royal Navy has never stopped developing or making necessary adjustments to meet new circumstances. Development has to be carried out within budget limitations on the principle of self-help.

Our navy is efficient as was shown during the time of the Vietnamese invasion of Kampuchea. Before the invasion the Vietnamese had sent their 22 or so naval vessels for repairs abroad. During the invasion the ships were used to take Sihanoukville.

Our ships stood guard over our territorial waters. The Vietnamese knew we had the missiles with firepower to deal with any incursions. They left us alone.

The: What would you like to see happen about naval development?

Niphon: If our economy strengthens and we have enough budget, I would like to build up a submarine fleet. Submarines with modern equipment like the Exocet and mine-laying capability can be both a defensive and offensive weapon. We need them for our national defence. A committee has been set up to work on the project.

We also need more planes.

Our allies with whom we have conducted joint exercises have praised us for being a small country with a navy exercising considerable capability on the sea surface, in the air and in mine-laying.

We have to improve our defence capabilities but we have to take into consideration not only the requirements of the armed services but also our economic conditions affecting our budgets.

I have informed top American defence officials of the Vietnamese timetable for operations in the region. The timetable was found in a plan seized after a border battle.

American officials who had visited Ho Chi Minh City (formerly Saigon) told me that the Vietnamese were now training boys in the early teens in the use of small arms.

These are important reports which should make us aware and prepared and build up our defences. Our territorial defence units should be given special attention.

The: How extensive are the areas of responsibility of the navy?

Niphon: Throughout the country. In the South, the Navy assists in combating Communist insurgents and in joint fighting against the Communist Party of Malaya. When I was chief of staff in 1984, I visited the Marines stationed at Si Sakhon District in Narathiwat. The district officer, who had graduated in the United States with a master's degree in political science, had a problem.

The Communists had set up a state-within-a-state in the area. They bought the main product, rubber, which was priced at eight baht a kilogramme and resold at a profit. In those days it was noticed that a Soviet merchant vessel would anchor off Songkhla to take in the rubber. They forced the villagers to sell at a low price and the phuyaiban [village head man] was a Communist sympathiser.

When the district officer called a meeting of the villagers to consider the matter, he was shot but he didn't die.

We stationed a squad from the Santi nimit unit, armed with rifles and machine-guns, which turned the environment from "red" (pro-Communist) to a "white" area. The villagers elected a new phuyaiban, causing the pro-Communist headman to flee from the village.

We then returned authority to the district office. We would visit the place every fortnight until the menace faded away.

We continue our search-and-destroy missions against the Communists and we provide protection to villages needing it.

Along the Mekong River we also have Santi nimit squads operating.

The naval units off Trat and Chanthaburi have the duty of keeping themselves combat-ready for defending our territorial seas.

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CSO: 4200/663

BRIEFS

NEED FOR U.S. LOBBYING EFFORT--Deputy Foreign Minister Arun Phanuphong yesterday suggested that the government make greater and continuous use of lobbyists in the United States. He said it was too late now for Thailand to protest against the controversial Farm Act because it had already been enacted as a law. Speaking on the topic of trading in the United States at the Bangkok Palace Hotel, Mr Arun said that the government did not take action on the report by the Thai Embassy in Washington that the Farm Act was being deliberated. "And we are not complaining about the problem at its end," he said. Mr Arun suggested that both the government and the private sectors should cooperate to follow up the problem more closely. He also called upon the two parties to set up a fund for lobbying in the U.S. Congress. The government, Mr Arun said, should ask help from Thai individuals or businessmen in the United States to provide it with important information on trade legislation. The deputy foreign minister noted that the government was used to dealing with the U.S. Administration while tending to ignore the Congress which had a greater say in legislation, and particularly the senators' staff who had influence over senators and congressmen. He said Thailand should follow the examples of Taiwan and South Korea which employed a large number of lobbyists in Washington. [Excerpt] [Bangkok BANGKOK POST in English 2 Feb 86 p 3 BK]/12766

ATTACKS ON KARENS FEARED--Tak--Border forces were boosted along the Moei River yesterday and officials were preparing to evacuate civilians in anticipation of a Rangoon strike on Karen bases. Field sources said stepped-up security was ordered amid reports that Burmese Government reinforcements and heavy weapons had been deployed opposite Tha Song Yang District. Border forces have been told to prevent fighting on Thai soil by the warring parties across the frontier. [Text] [Bangkok BANGKOK POST in English 5 Feb 86 p 3 BK]/12766

POLAND OFFERS SCHOLARSHIPS--Poland yesterday offered medical and music scholarships to Thai students. The offer was made in talks here between Polish Foreign Minister Jan Majewski [name and title as published] and his Thai counterpart and Deputy Prime Minister Sitthi Sawetsila. A Foreign Ministry source said Poland offered the scholarships without preconditions, and ACM [Air Chief Marshall] Sitthi acknowledged the offer. Mr Majewski, who had just arrived in Bangkok, also said Warsaw wanted to strengthen ties with all ASEAN members. At present, Poland has diplomatic ties with Thailand, Singapore, Malaysia and Indonesia. Poland offered to buy more Thai raw materials and increase trade relations, and the minister invited ACM Sitthi to visit the East European country. Mr Majewski, who also met National Security Council Chief Sqn Ldr Prasong Sunsiri, leaves for talks in Hanoi today. [Text] [Bangkok BANGKOK POST in English 4 Feb 86 p 1 BK]/12766

SECURITY COUNCIL CHECKS SOVIET SCHOLARSHIPS--The National Security Council [NSC] is following up reports that the Soviet Embassy is still contacting Thai students to study in the Soviet Union without going through the proper channels. NSC Chief Sqn Ldr Prasong Sunsiri said checks were being made after the Foreign Ministry received reports that procedure was not being followed. A Soviet Embassy official refused to comment and suggested his superiors be contacted today for more information. The ministry's Political Department head, Thep Thewakun, said the reports were being checked, and if confirmed, a protest would be lodged with the embassy. Sqn Ldr Prasong said that according to the reports, Thai students contacting the embassy regarding scholarships were told by embassy staff to contact the NSC for approval. The NSC chief said that such action created a wrong impression. If Moscow wished to give scholarships to Thai students, it should contact the Foreign Ministry, informing them of how many and what types of scholarships were available. Sqn Ldr Prasong said Thailand needs scholarships for medicine, science or technology rather than in economic or social subjects. The NSC chief also said scholarships should be given to post graduates rather than undergraduates. [Text] [Bangkok BANGKOK POST in English 4 Feb 86 p 1 BK]/12766

CSO: 4200/663

VODK PRAISES ARMY ON FOUNDING ANNIVERSARY

BK171402 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 16 Jan 86

[Station editorial: "All Cambodian People and All of Our Democratic Kampuchean National Army and Guerrillas Celebrate the 18th Founding Anniversary of Our Democratic Kampuchean National Army With Great Determination to Continue the United Struggle Against the Genocidal Vietnamese Enemy Aggressors Until Final Victory"]

[Text] The 18th founding anniversary of our Democratic Kampuchean National Army [DKNA] falls on 17 January. Today all Cambodian people and all our DKNA combatants and guerrillas on every battlefield throughout the country commemorate this 18th founding anniversary of our DKNA as our struggle against the genocidal Vietnamese enemy aggressors makes headway in all fields while the Vietnamese enemy plunges headlong in all sectors.

Our DKNA is an army born of the people and has great heroism and a long tradition of valiant struggle. Our DKNA was born and has tempered itself in number as well as in quality and fighting tactics amid the flames of successive wars. It resolutely fights in service of the nation and people and defends the nation and people under all circumstances.

In particular, at present when the Hanoi aggressors, backed and supported by their Soviet boss, have sent hundreds of thousands of troops and untold numbers of tanks and artillery pieces to attack, invade, and occupy Cambodia and to massacre the Cambodian people through all cruel methods with unheard-of savagery and barbarism in an attempt to swallow and annex Cambodia, trying to turn this country into a province of Vietnam, our DKNA has courageously upheld the combat banner in the struggle against the Vietnamese enemy aggressors, resolute in defending the nation, race, territory, and people and in preventing the Vietnamese from ransacking or swallowing our country.

For the past more than 7 years, our DKNA has displayed a high sense of heroism by daring to make all kinds of sacrifice, offering their blood and flesh in the tenacious struggle right on the battlefield, attacking the Vietnamese enemy relentlessly and more and more vigorously day after day, season after season, and year after year, transforming the danger that our Cambodian nation and race might be eliminated in a situation in which our struggle develops excellently as it does now. Especially during this eighth dry season, the Vietnamese enemy aggressors, who find themselves in a total impasse have mobilized their forces, tanks, and artillery pieces and sent them to the western border region in an attempt to launch a last-ditch offensive to extricate themselves from this impasse. However, the Vietnamese enemy aggressors remain unable to launch any major offensive as they wish because our national army and guerrillas have been intensifying attacks against them, driving them into utter confusion, both on the western border battlefield and on the battlefields inside Cambodia. In particular, on the battlefields in the interior of the country our national army and guerrillas have repeatedly dispersed and disintegrated the Vietnamese administration at the village and commune levels and repeatedly decommissioned the militia forces and Cambodian soldiers, daily shaking the administrative infrastructures painstakingly set up by the Vietnamese enemy aggressors to be used as a foundation supporting their war of aggression in Cambodia in the political, military, and economic fields. At the same time, we have attacked the small, medium-size, and large townships and the small, medium-size, and large positions of the Vietnamese enemy everywhere, especially in the five provinces around Tonle Sap and around Phnom Penh. We repeatedly cut their transportation lines and launched an uninterrupted string of guerrilla attacks against them from the western border region down to the various areas adjacent to Vietnam, causing the Vietnamese enemy to be tied up everywhere, especially around Phnom Penh and in the first group of battlefields where they are compelled to keep several tens of thousands of troops. All of this has prevented the Vietnamese enemy aggressors from launching any major offensive as planned. This has also plunged them even more quickly into the abyss of final defeat.

In summary, in the past 7 years our DKNA has caused successive defeats to the Vietnamese aggressor army, boasted by Hanoi to be the third most powerful army in the world, preventing them from swallowing Cambodia and from pushing ahead with the implementation of their aggressive and expansionist strategy. We have instead caused them to bog down more and more inextricably and to head inexorably toward final defeat. Therefore, our DKNA is an army that is politically and organizationally strong, an army that has been through all sorts of obstacles and storms. It is a very powerful and awe-inspiring army.

On the occasion of the 18th founding anniversary of the DKNA, our army combatants and guerrillas on every battlefield pledge to continue upholding the combat banner against the Vietnamese aggressors with a high sense of responsibility vis-a-vis the nation and people and to continue strengthening the unity with our people in carrying on the guerrilla attacks according to the pive new combat tactics with great vigor, creativeness, and initiative, crushing as many Vietnamese troops as possible and causing greater difficulties to the Vietnamese aggressors until they are completely defeated.

Also on this occasion, the Cambodian people would like to extend best wishes to all our DK National Army combatants and guerrillas who are fighting the Vietnamese aggressors on all battlefields. May you enjoy good health and more and greater successes until final victory is won over the genocidal Vietnamese enemy aggressors in order to liberate the country and people and perpetuate the Cambodian race and also to contribute to the maintenance of peace and stability in Southeast Asia.

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CSO: 4212/50

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VONADK ON SRV, PRK 'LIES' ABOUT 1985 CROPS

BK240535 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 22 Jan 86

["News commentary": "The Le Duan Clique Has Continued To Create Famine for Us As a Means to Exterminate the Cambodian Race"]

[Text] Eleven days after the Le Duan clique's radio deceived the Vietnamese people that in 1985 the annual grain ration per person increased to 309 kh which exceed the need for consumption, on 13 January 1986 the radio of the Vietnamese aggressors in Phnom Penh followed the Vietnamese style by deceiving the Cambodian people that despite drought and floods in various regions, rice production in Cambodia in 1985 turned out to be much better than in the past year. In October, the Vietnamese administration in Phnom Penh boasted that this was the 1st year that Cambodia had sufficient rice for consumption.

These shameless lies by the Vietnamese aggressors are totally contrary to the claim by (Van Da), an official of the Phnom Penh administration, carried by the NEW YORK TIMES at the end of August 1985 that Cambodia would suffer shortage of 1 million metric tons of rice if drought dragged on until September. These deceitful propaganda campaigns also run totally counter to the assessment by foreign experts who said that Cambodia will this year face more serious grain shortage. In fact, famine in Cambodia was not caused by drought. It was caused by the Vietnamese aggressors' plan to starve the Cambodian people to death. In 1986, the Cambodian people will face even more serious famine than than in 1985 because:

1. In the 1985 rainy season, especially during harvest time, many Cambodian people who were recruited by the Vietnamese aggressors will be engaged in western border, such as at the foot of Dangrek mountain. These tens of thousands of Cambodians have thus not been able to till their land.

2. Since the beginning of September, the Vietnamese aggressors have begun to recruit 100,000 to 200,000 Cambodians to clear bush, build roads, and engage in transportation work on the western border battlefield. This has prevented the people from working in their rice fields to earn their living.

3. Due to the recruitment in 1984-85 dry season, the Cambodian people lost from 100,000 to 200,000 labor forces for farming because tens of thousands of

these recruits were either killed or wounded by mines and bullets and died of typhoid fever while the survivors were too exhausted or too ill to work. In April 1985, there were more than 10,000 wounded, maimed, or sick recruits in hospitals in Phnom Penh and in various provincial towns adjacent to the western border. According to Doctor So Saren, former director of a hospital in Phnom Penh, those who survived from the border died when they returned home or became too weak to work. Malaria has spread throughout the country.

4. In December 1985 and January 1986, the meager rice produced by the Cambodian people had been plundered and sent to various Vietnamese camps by the Vietnamese aggressors. In addition to this, the Vietnamese aggressors ordered the Cambodian people to contribute rice to them monthly at an average of 10 kg per house.

These criminal acts clearly laid bare to the world that the Le Duan clique has continued to create famine for use as a means to exterminate the Cambodian race.

The Cambodian people vehemently condemn the Le Duan clique for its policy of using famine as a means to exterminate the Cambodian race.

The Cambodian people call on world public opinion to condemn the Hanoi Vietnamese authorities' aggression in Cambodia more strongly.

Only by demanding and making the Vietnamese aggressors withdraw all troops from Cambodia can the Cambodian people's misery and suffering from starvation be resolved and can the Cambodian people resume their normal life.

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CSO: 4212/50

THAI FOREIGN MINISTER'S REPLY TO KHIEU SAMPHAN

BK230445 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 22 Jan 86

["Text" of "recent" reply message from Sitthi Sawetsila, deputy prime minister and foreign minister of the Kingdom of Thailand, to Khieu Samphan, vice president in charge of foreign affairs of Democratic Kampuchea]

[Text] To His Excellency Khieu Samphan

Democratic Kampuchean vice president in charge of foreign affairs

Your Excellency: I am very honored to have received your letter dated 6 November 1985. In this letter, Your Excellency, on behalf of the Cambodian people and the CGDK and in your own name, expressed profound thanks to the Thai Government for its support and vote for the UN resolution on the situation in Cambodia which has been adopted with an even greater number of votes than in the past year.

I would like to reiterate to you and, through you, to the CGDK, under the leadership of Samdech Norodom Sihanouk, and the Cambodian people that the Thai Government continues to support the total implementation of the UN resolutions demanding the total withdrawal of foreign troops from Cambodia in order to restore and preserve Cambodia's independence, sovereignty, and territorial integrity and the Cambodian people's right to self-determination, and calling on all states not to interfere in Cambodia's internal affairs. This is the most significant point for the just and permanent settlement of the Cambodian problem.

Please accept this new assurance and highest regards from me.

[Signed] Air Chief Marshal Sitthi Sawetsila

Foreign Minister of Thailand

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CSO: 4212/50

VODK CRITICIZES SRV STAND ON 'TWO ISSUES' OF CONFLICT

BK311121 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 30 Jan 86

[Station commentary: "The Hanoi Vietnamese Enemy Aggressors Can Never Turn Their War of Aggression in Cambodia into an Internal Problem Nor Can They Put the Blame for Their Aggression Against Cambodia on Others in Order to Hide Their War of Aggression and Expansion and That of Their Soviet Masters in This Region"]

[Text] In their recent communique in Vientiane, the Vietnamese enemy aggressors arrogantly stated that the settlement of the Cambodian problem is related to two issues:

1. The internal problem which must be resolved among the various Cambodian parties; and

2. The international issue which must be settled among the various concerned countries.

Why do the Hanoi Vietnamese enemy aggressors create these issues?

The Hanoi Vietnamese enemy aggressors create these issues in an attempt to turn their war of aggression and genocide in Cambodia into a conflict among Cambodians and to put the blame for their aggression against Cambodia on others in order to hide their war of aggression and expansion and that of their Soviet masters in this region.

The Vietnamese enemy aggressors' maneuvers have been defeated repeatedly in the past more than 7 years. However, they pursue their tricky propaganda as they try to refuse to withdraw their aggressor troops from Cambodia in accordance with the UN resolutions and to continue to occupy Cambodia forever in conformity with their aggressive and expansionist ambitions. However, the Vietnamese enemy aggressors can not mislead anyone. During the past 7 years, the international community has come to realize more clearly the cause of the Cambodian problem. The world community has come to understand clearly that the Cambodian question is caused by the Hanoi Vietnamese who sent hundreds of thousands of soldiers to attack and occupy Democratic Kampuchea--an independent, peaceful, neutral, and nonaligned state and a legitimate member of the United Nations. The Hanoi Vietnamese enemy aggressors have received all forms of assistance and support from the Soviet international expansionists. In fact, during the past more than 7 years, only Vietnamese troops armed with Soviet-made weapons have waged a war of aggression and genocide against the Cambodian race. There are no foreign soldiers in Cambodia other than these hundreds of thousands of Vietnamese aggressor troops. Moreover, these Vietnamese aggressor troops have not only killed the Cambodian people but they also have violated and shelled Thai territory, causing many deaths among the Thai people and soldiers and a lot of destruction of their property and belongings. This has made the situation along the Cambodian-Thai border and in all of Southeast Asia more tense.

Therefore, the war in Cambodia is not an internal problem among Cambodians. It is a war of aggression and expansion waged by the Vietnamese and the Soviets to swallow Cambodia and set up their Indochina federation and advance further by implementing their aggressive and expansionist strategy in this region. The overwhelming number of peace, and justice-loving countries throughout the world, including the ASEAN countries, have assisted and supported the Cambodian people and the CGDK in order to oppose the war of aggression and expansion of Vietnam and the Soviet Union. The assistance and support of these countries is completely correct and just to defend the principles of international law and the UN Charter and to preserve peace and stability in Southeast Asia as well as peace, stability, and order in the whole world.

The so-called Heng Samrin regime, which has been peddled by the Hanoi Vietnamese and the Soviets during the past more than 7 years, is only the product of Vietnam's war of aggression in Cambodia. The Heng Samrin regime would not exist if not for the more than 250,000 Vietnamese aggressor troops stationed in Cambodia. The so-called Heng Samrin regime would disintegrate automatically, and it will not be able to survive even a single day when all Vietnamese aggressor troops are withdrawn from Cambodia.

Thus, the Vietnamese enemy aggressors can never turn their war of aggression and genocide in Cambodia into an internal problem among Cambodians nor can they put the blame for their aggression in Cambodia on others in order to hide their war of aggression and expansionist and that of their Soviet masters in this region.

The fact that the Vietnamese enemy aggressors have tried by cheap and tricky maneuvers to put the blame for their aggression and expansion on others has made the international community hate them and be more angry with them. Furthremore, it has made the world community put more pressure on them and increase its assistance and support for the Cambodian people and the CGDK so that they will be able to pursue their struggle more vigorously against the Vietnamese enemy aggressors on the battlefields until the Hanoi Vietnamese enemy aggressors agree to settle the Cambodian question in conformity with the UN resolutions by completely and unconditionally withdrawing their aggressor troops from Cambodia and letting the Cambodian people determine their own destiny with no outside interference.

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CSO: 4212/54

VODK CALLS ON USSR TO STOP AIDING VIETNAM

BK010835 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 31 Jan 86

[Station commentary: "If the Soviet Union Really Wants To Help Solve the Cambodian Problem and Wants Peace, Security, and Stability To Be Restored in Southeast Asia, It Should Stop Giving Military Aid to Vietnam and Pressure Vietnam To Withdraw All Its Aggressor Troops From Cambodia"]

[Text] The Soviet Union--the big financier that has aided the Hanoi authorities in their war of aggression against Cambodia--has recently launched an active drive on the Cambodian problem by making several proposals and especially by trying to bring about regional talks between the ASEAN countries and the so-called Indochinese countries. On 27 January, the Soviet Embassy spokesman in Singapore reiterated that the Soviet Union is willing to be a guarantor of a Cambodian peace accord worked out through such talks.

What is the aim of these Soviet activities?

1. They are aimed at legitimizing the Vietnamese puppets in Phnom Penh--that is, making the world community accept the barbarous Vietnamese-Soviet acts in Cambodia as a fait accompli.

2. They are to sow discord among the patriotic Cambodian resistance forces, which are jointly launching a vigorous struggle against the Vietnamese aggressors, and to make the world community, particularly the ASEAN countries, stop supporting the struggle waged by the Cambodian people and the CGDK, thus enabling Vietnam--the cat's-paw of the Soviet Union--to disperse these Cambodian resistance forces and annex Cambodia to form an Indochinese federation as a springboard for further aggression and expansion in Southeast Asia.

Therefore, even using such a sweet word as peace, there is nothing new in the Soviet stand. The Soviet Union still maintains the twin aims that both Vietnam and the Soviet Union have failed to fulfill militarily over the last 7 years. As a matter of fact, in a recent meeting with the Vietnamese, Lao, and PRK puppet ambassadors in Moscow, Kapitsa strongly reaffirmed that there has been no change in Soviet support for Vietnam, Laos, and the Phnom Penh puppets. At the same time, the Soviet Union has doubled its aid to the Hanoi authorities and continued to send tanks, artillery, weapons, and ammunition to the Vietnamese aggressors so they can carry out an offensive to disperse the Cambodian resistance forces in the current dry season. Therefore, there is no change in the Soviet stand regarding the Cambodian problem. Moreover, it has sought every means--military and diplomatic--to fulfill the strategy of annexing Cambodia to form an Indochinese federation as a springboard for its aggression and expansion in Southeast Asia.

However, the world community has already set the principles and modus operandi for solving the Cambodian problem--that is, the Hanoi authorities must withdraw all their aggressor troops immediately and unconditionally in accordance with the UN resolutions and the statement of the International Conference on Cambodia. After all Vietnamese troops have been withdrawn from Cambodia, the Cambodian people will hold a universal, free election to choose their own government and social system without any outside interference. This is the sole correct and just method for settling the Cambodian problem permanently. With all the Vietnamese troops withdrawn from Cambodia, the tense situation along the Cambodian-Thai border and the tension and lack of stability in all Southeast Asia will also be eliminated. Moreover, the world community, especially the ASEAN countries, has persistently called on the Soviet Union to stop giving military aid to Vietnam and to pressure Vietnam to withdraw its aggressor troops from Cambodia in accordance with the UN resolutions. Therefore, there is no need for the Soviet Union to be a guarantor to any peace accord. If the Soviet Union really wants to help solve the Cambodian problem and wants peace, security, and stability to be restored in Southeast Asia, it should join in solving this problem in accordance with this correct and just method. Moreover, the Soviet Union should stop giving military aid to Vietnam and pressure Vietnam to accept the political settlement of the Cambodian problem by withdrawing all its troops from Cambodia in accordance with the UN resolutions. If the Soviet Union does not stop aiding the Vietnamese aggression against Cambodia, however, the world community will continue to pressure Vietnam to withdraw all its aggressor troops from Cambodia in accordance with the seven UN resolutions.

The Cambodian people have declared that the Cambodian and Soviet peoples have no differences with each other. With the people in Southeast Asia and elsewhere throughout the world, the Cambodian people call on the Soviet Union to stop giving military aid to Vietnam and to pressure Vietnam to withdraw its aggressor troops from Cambodia. If the Soviet Union stops giving military aid to the Vietnamese aggressors and pressures Vietnam to withdraw all its aggressor troops from Cambodia, the Cambodian people will ask the CGDK to reestablish all-round relations with the Soviet Union. If the Soviet Union continues to aid the Vietnamese aggression against Cambodia, however, the Cambodian people will have no alternative save continuing struggle against the Vietnamese aggressors until they are compelled to withdraw all their troops from Cambodia in accordance with the UN resolutions.

/9738
CSO: 4212/54

CLANDESTINE RADIO REPORTS BATTLEFIELD ACTIVITIES

Battle Results for January

BK050920 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 4 Feb 86

[January battle results from battlefields throughout the country]

[Text] 1. Koh Kong-Kompong Som battlefield: 248 Vietnamese soldiers killed and 198 wounded. Total: 446 casualties.

2. Leach battlefield: 314 killed and 301 wounded. Total: 615 casualties.

3. Samlot battlefield: 304 killed and 293 wounded. Total: 597 casualties.

4. Pailin battlefield: 436 killed and 548 wounded. Total: 984 casualties.

5. South Sisophon battlefield: 257 killed and 307 wounded. Total: 564 casualties.

6. North Sisophon battlefield: 210 killed and 275 wounded. Total: 485 casualties.

7. Battlefield around Battambang town: 67 killed and 84 wounded. Total: 151 casualties.

8. Siem Reap-Route 6 battlefield: 149 killed and 114 wounded. Total: 263 casualties.

9. Preah Vihear battlefield: 36 killed and 39 wounded. Total: 75 casualties.

10. Kompong Thom-Kompong Cham battlefield: 215 killed and 223 wounded. Total: 438 casualties.

11. Moung-Pursat battlefield: 114 killed and 106 wounded. Total: 220 casualties.

12. Kompong Chhnang battlefield: 50 killed and 47 wounded. Total: 97 casualties.

13. Northwestern Phnom Penh battlefield: 48 killed and 68 wounded. Total: 116 casualties.

14. Southwestern battlefield: 151 killed and 192 wounded. Total: 343 casualties.

15. Northeast-Eastern battlefield: 94 killed and 77 wounded. Total: 171 casualties.

In sum, in January 1985 we killed 2,693 Vietnamese enemy soldiers and wounded 2,872 others for a total of 5,565 casualties. We also caught 22 others alive.

VONADK Battle Reports

BK070812 [Editorial Report] (Clandestine) Voice of the National Army of Democratic Kampuchea [VONADK] in Cambodian broadcast the following battle reports in the reporting period 31 January-6 February:

VONADK at 2315 GMT on 31 January reports that DK forces attacked the Vietnamese commune administrations in Kompong Siem District of Kompong Cham Province on 18 January, Kampot District of Kampot Province on 25 January, and in Battambang and Sangke districts of Battambang Province on 24 and 25 January; ambushed Vietnamese soldiers and a jeep in Battambang province on 25 and 26 January; and conducted various other activities on Siem Ta, Samlot, Leach, Kompong Som, South Kisophon, Southwestern region, Kompong Cham, and Kompong Thom battlefields from 18 to 28 January, killing or wounding 165 Vietnamese soldiers; destroying 29 weapons, 5 cars, a barracks, and some war materiel; and seizing 5 weapons and some ammunition and war materiel.

VONADK at 2315 GMT on 1 February reports that DK forces dismantled Vietnamese administrations at Chamna commune in Kompong Svay District on 21 January, at Svay Bei Daeum and Svay Prey villages in Battambang district on 27 January; ambushed a Vietnamese company on the Route 4 battlefield on 24 January, and 3 trucks on the Siem Reap battlefield on 17 and 21 January; and conducted various other activities on the Pailin, Siem Reap, Preah Vihear, and Koh Kong Leu battlefields from 11 to 28 January, killing or wounding 209 Vietnamese soldiers; destroying 18 guns, 3 village and commune offices, 3 trucks, an ammunition, and war materiel; and liberating 4 villages on the Kompong Thom battlefield.

According to VONADK at 2315 GMT on 2 February, DK forces launched sweep operation against Vietnamse positions along Route 6 in Santuk District of Kompong Thom Province on 29 January; dismantled Vietnamese administrative networks along Mekong river in Kroch Chhma and Tbong Khmum districts on Kompong Cham battlefield on 24 January; attacked a commune office in Sangke District on Battambang battlefield on 29 January, 2 commune offices in Sre Ambel district on Koh Kong battlefield on 25 January, 2 villages in Sisophon District of Battambang Province on 29 January, a commune offic

Prey District of Kompong Cham Province on 30 January, a Vietnamese battalion in Moung District of Battambang Province on 24 January, and a company unit in Baray District of Kompong Ohom Province on 27 January; and conducted various other activities on the southwestern region, Siem Ta, Kratie, Samlot, and Route 4 battlefields from 27 to 30 January. They killed or wounded 276 Vietnamese soldiers; destroyed 64 assorted weapons, 2 ammunition depots, 4 paddy and rice storehouses, 6 commune office buildings, 2 commune positions, 2 platoon positions, 20 barracks, a bridge, a ship, and some war materiel; seized 60 assorted guns and some ammunition and war materiel; and liberated 2 townships, 10 villages, and hundreds of Cambodian soldiers.

According to VONADK at 2315 GMT on 3 February, DK forces liberated Ta Lat township in Phnum Sruoch District on the Route 4 battlefield on 30 January; dismantled the Vietnamese administration in Tang Krasang commune on the Kompong Cham battlefield on 28 January; ambushed a truck on Route 12 in Kompong Thom Province on 25 January; ambushed 2 Vietnamese company units in Stoung District on the Kompong Thom Battlefield on 23 January; and launched various other activities on the Siem Reap, Kompong Chhnang, Leach, Siem Ta, South Sisophon, North Sisophon, and Pailin battlefields from 20 January to 2 February, killing or wounding 218 Vietnamese soldiers; destroying an ammunition depot, a weapons storehouse, a paddy warehouse, a cloth warehouse, a salt storehouse, 3 commune office buildings, 5 trucks, and some war materiel; seizing 7 guns, 30 pieces of cloth, and some war materiel; and liberating 6 villages and 32 Cambodian soldiers on the Kompong Cham battlefield.

VONADK at 2315 GMT on 4 February reports that DK forces dismantled Vietnamese administrative networks along the Tonle Sap river in Kompong Tralach District of Kompong Chhnang Province on 1 February, in Stoeng Trang District of Kompong Cham Province on 28 January, in Battambang and Sangke districts on 27 and 28 January, in Toek Phos District of Kompong Chhnang Province on 26 January, and in Kompong Svay District of Kompong Thom Province on 23 January; ambushed a Vietnamese platoon in Preah Net Preah District of Battambang Province on 25 January; and conducted various other activities on the Siem Ta, West Battambang, Stung Treng, and South Sisophon battlefields from 28 January to 2 February, killing or wounding 105 Vietnamese soldiers; destroying 4 commune office buildings, 13 guns, a truck, a boat, 21 barracks, and some ammunition and war materiel; and seizing 14 guns and some war materiel.

According to VONADK at 2315 GMT on 5 February, DK forces attacked and liberated Kompong Luong-Krakor township in Krakor District of Pursat Province on 27 January; attacked Vietnamese commune administrations in areas along Route 5 from Paoy Samraong to O Ta Ches commune in Battambang Province on 30 January and north of Anlung Puok on the Samlot battlefield on 30 January, blew up 2 sections of railroad track in Kompong Tralach District of Kompong Chhnang Province on 28 January; destroyed a truck in Kompong Tralach District on 21 January and another truck on Samlot battlefield on 26 January; and conducted various other activities on the Samlot, East

Battambang, South Sisophon, Southwestern region, Koh Kong Leu, Kompong Chhnang, and Moung-Pursat battlefields from 27 January to 1 February, killing or wounding 238 Vietnamese soldiers; destroying 44 guns, 6 trucks, 16 motorboats, 19 barracks, and some war materiel; and seizing some guns, ammunition, and war materiel.

VONADK at 2315 GMT on 6 February reports that DK forces liberated Ta Mem township and 9 villages on the South Battambang battlefield and shelled Battambang town on 31 January; dismantled Vietnamese administrative networks at Khna Ansa commune in Krakor District on the Pursat battlefield on 31 January, at Trapeang Russei commune in Kompong Svay District of Kompong Thom Province on 31 January, and at 2 villages in Stoeng Trang District of Kompong Cham Province on 1 February; and conducted various other activities on Kompong Cham, Kompong Thom, Pailin, South Sisophon, North Sisophon, Siem Ta, and the southwestern region battlefields from 26 January to 2 February, killing or wounding 116 Vietnamese soldiers; capturing another; destroying a commune office building, a truck, a bridge, a rice milling machine, 15 barracks, and some ammunition and war materiel; seizing 12 guns and some ammunition and war materiel; and liberating 9 villages on the Battambang battlefield.

CGDK Forces' Actions

BK031338 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 3 Feb 86

[Text] The Voice of the Khmer newsroom has just received reports on clashes between the CGDK forces and the Vietnamese troops.

On 30 January, 10 combatants from the 2d Division of the Sihanoukist National Army [ANS] launched a commando raid against a position of the Vietnamese forces north of Svay Sar village 1 km from Sangke District in Battambang Province, killing two Vietnamese soldiers and wounding another. On the same day, a special patrol unit of the ANS and KPNLF clashed with 25 Vietnamese soldiers from the 75th Division in the vicinity of Kouk Khvav village about 10 km from Thmar Puok District. The clash lasted for 10 minutes. No casualties were reported.

On 30 January, 200 forces of the CGDK clashed with a group of Vietnamese soldiers north of Thkeam Romeas village about 4.5 km from Prasat Rovieng [Preah Vihear Province] during which the Vietnamese fired 130-mm mortar shells to provide support for their troops. No casualties were reported.

On 28 January, 13 combatants of the CGDK forces clashed with a group of Vietnamese soldiers from the 9th Infantry Division in the vicinity of Kouk Khvav village about 9 km from Thmar Puok District. The clash lasted for 20 minutes. The Vietnamese also fired mortar shells to support for other troops. No casualties and losses were reported. On the samd day, a group of Vietnamese soldiers from the 75th Division sent three T-54 tanks from Chhup village in Preah Net Preah District in Battambang Province to Thmar Puok District.

4 Villages 'Liberated'

BK020316 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 1 Feb 86

[Battle report from various battlefields]

[Excerpt] On the night of 28 January, we attacked and dismantled the Vietnamese commune administration at Chong Dong Commune, Baray District, Kompong Thom battlefield. We killed or wounded some Vietnamese soldiers; destroyed a commune office and some documents; seized 1 AK, 30 rounds of AK ammunition, 3 sacks of rice, and some documents; and seized 4 villages, namely Tuol Damnak, Chong Dong, Popich, and Tuol Siem.

SRV, Heng Samrin Troop Movements

BK011439 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 1 Feb 86

[Text] The Voice of the Khmer Radio has received several reports on the movements of the Vietnamese and puppet Heng Samrin troops. These reports said that on 5 January, 650 Vietnamese soldiers from the 722d Infantry Regiment of the 72d Division armed with many light and heavy guns and two 60mm mortars, three 82-mm mortars, 12 RPD's, and two 82-mm recoilless rifles were dispatched from Khna village, Varin District, to Sre Prang village, Srei Snam District, Oddar Meanchey Province.

From 16 to 20 January, 500 Heng Samrin soldiers from the 9th Division armed with all types of weapons followed by 40 ox carts transporting materiel, ammunition, and mines were sent by foot from Thmar Puok to Kouk Dong village of Sisophon District.

On 21 January, three Vietnamese trucks transported barbed wire from Sisophon District to Poipet.

On 24 January, the armed 80th transportation unit of the puppet Heng Samrin clique transportation unit of the puppet Heng Samrin clique transported brush clearing equipment from Sisophon District to Thmar Puok District.

Battle Successes by Resistance

BK311425 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 31 Jan 86

[Text] It is reported that on 20 January the Sihanoukist National Army launched a surprise attack on Vietnamese company position No. 7004 in the vicinity of O Prasat Sangke and Svay Sar villages, killing 12 Vietnamese soldiers and wounding 20 others.

On 21 January, 10 soldiers of the Democratic Kampuchean party launched a surprise attack on a Vietnamese position at point 551 of Kbal Damrei mountain, 40 km from Ratanamondol District [Battambang Province]. No reports on Vietnamese casualties are available.

On 18 January, a group of Democratic Kampuchean party soldiers ambushed three Vietnamese materiel and food supply ships sailing along the coast from Kampot Province. Twenty Vietnamese soldiers were killed and 14 others were missing while 10 soldiers of the Democratic Kampuchean party were killed and 5 others were wounded in the clash.

SRV Force Attacked in Battambang

BK010231 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 31 Jan 86

[Report from various battlefield]

[Excerpt] Battambang battlefield: On 27 January, the Vietnamese enemy gathered two battalions, assisted by 105-mm cannons, DK-85, DK-75, and DK-82 guns and by 82- and 60-mm mortars, in an attempt to resist us north of Battambang town. After a 4-hour battle, the Vietnamese were repulsed and routed. We killed 6 and wounded 8 Vietnamese enemy soldiers; destroyed 2 B-40's, 15 AK's, 1 60-mm mortar; and seized 600 rounds of AK ammunition and some war materiel.

On 26 January, a Vietnamese jeep leaving Battambang for O Ambaoh along Route 10 in Battambang District went over our mines and was attacked by our forces. The jeep was completely destroyed on the spot. Three people on board were killed, including a regiment commander; another seven were wounded. We also destroyed an assortment of eight weapons.

Rockets Fired Into Battambang

BK070442 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 6 Feb 86

[Battle report from various battlefields]

[Excerpt] South Battambang Battlefield: On the night of 31 January, our national army attacked and totally liberated Ta Mem Township in Battambang District. We killed nine Vietnamese soldiers and wounded two others. At the same time, we fired three 107-mm rockets into Battambang town, killing or wounding some Vietnamese soldiers. We destroyed a rice mill containing 500 sacks of paddy, a commune office building, 5 barracks, and some war materiel. We seized some war materiel and liberated nine villages, namely Ta Mem, Thmat Pong, Anlong Svay, Khchas, Buor Khnor, Russei Kev, Khveng, Khcheay, and O Sralau.

SRV Strafes Villages

BK040136 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 3 Feb 86

[Text] On 23 and 24 January, the Vietnamese enemy used two aircraft to strafe our people's villages along the Chinet river from Anlung Pringe village [Kompong Thom Province] southward, wounding five inhabitants and killing a number of buffalo.

1 Township, 5 Villages 'Liberated'

BK070404 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2300 GMT 6 Feb 86

[Text] At 0530 on 1 February, our national army swept away and dismantled the Vietnamese commune administration along the Tonle Sap river bank from Kompong Thkov to Kompong Ta Ches township in Kompong Ralach District, Kompong Province. We launched this attack in three prongs. The first prong attacked the Kompong Ta Ches township on the west bank of the river. The second prong attacked the Vietnamese company position at Kaoh Thkov monastery. The third prong attacked the Vietnamese commune administration at Kaoh Thkov commune south of Kaoh Thkov monastery. We totally liberated and took control of these three areas. A little while later, the Vietnamese enemies sent two boatloads of reinforcements from Kaoh Bang Kaong and Ampil Toek in an attempt to seize Kompong Ta Ches township from us. We ambushed and routed these Vietnamese forces. As a result:

1. We killed 25 Vietnamese soldiers and wounded 18 others for a total of 43 casualties. We destroyed 4 AK's, 17 AR-15's, 1 SKS, 18 barracks, a commune office building, a truck, a motorboat, 8 boats, a bicycle, and some war materiel.

2. We seized a B-41, 2 drum-magazine machineguns, 1 RPD, 4 AK's, 4 AR-15's, 5 B-41 rockets, 1,000 machinegun bullets, 1,100 rounds of AK ammunition, 10 hand grenades, a map, 16 rucksacks, 14 hammocks, 28 sets of military uniform, and some war materiel.

3. We liberated Kompong Ta Ches township and five villages in Kaoh Thkov commune, namely Kaoh Thkov, Bat Trang, Ta Mol Leu, Ta Mol Kraom, and Tuol Trabek. We freed many villagers conscripted by the Vietnamese enemies to work under the Kar-5 labor conscription policy and 40 Cambodian soldiers.

CGDK Military Activities

BK030842 (Clandestine) Voice of the Khmer in Cambodian 0500 GMT 3 Feb 86

[Political commentary: "On the Military Activities of the Cambodian Coalition Government"]

[Text] Before the 1984-85 dry season, the armed forces of the Cambodian coalition government had built large bases along the Cambodian-Thai border and allowed the civilians to live together with them under their protection. At that time, the Vietnamese regarded these bases as the targets of their attacks. The armed forces of the coalition government could then launch only limited nibble attacks against the Vietnamese inside Cambodia far from the border. At that time, the Vietnamese thought that if they attacked and eliminated all these bases, it would mean that they could get rid of the main root of the coalition government. Therefore, in the 1984-85 dry season, the Vietnamese launched a large-scale offensive against all bases of the coalition government. Let us take a look at what has happened to this Vietnamese dream. The Vietnamese Army is more powerful than that of the Cambodian coalition government. We have never dreamed of being able to smash the Vietnamese army through military forces. But we think that with the use of our force of arms, the Vietnamese might be compelled to withdraw their troops from Cambodia. The Vietnamese strategy in launching that offensive to eliminate the CGDK bases falls into our strategy which aims at using military forces to cause disturbances for the Vietnamese and make the Vietnamese spend more in military field, thus causing more heavy economic burden for them. This is an additional pressure to the pressure being exerted against the Vietnamese by the international diplomtatic sector.

Various reports received by the Voice of the Khmer clearly attest that the Cambodian coalition government has fulfilled this aim. This is because so far the coalition government which is made up of the three anti-Vietnam Cambodian groups have sent their armed forces to launch activities almost everywhere inside Cambodia. The Sihanoukist National Army of the FUNCINPEC headed by Samdech Norodom Sihanouk, the KPNLF armed forces of the KPNLF led by His Excellency Son Sann, and the armed forces of the Democratic Kampuchean side led by Khieu Samphan have cooperated in launching military operations throughout Cambodia, particularly in the areas around the Tonle Sap Lake, in the vicinity of the Cambodian coasts, such as Kompong Som port, and near Phnom Penh capital. For the time being, these activities are not aimed at seizing permanent control of any area. These activities are just war of attrition to annoy the enemies in accordance with the guerrilla war methods or the hit-and-run methods. The Vietnamese used these methods during their struggle against the French and Americans. Now the Vietnamese are suffering the same fate as the French and Americans faced during the Vietnam war. No one knows better than the Vietnamese that on force can withstand these jungle war tactics especially when the armed forces which use these methods enjoy the full support from the people as we are enjoying now.

In sum, the military activities of the armed forces of the three CGDK groups constitute the most important factor to defeat the Vietnamese and force them to hold negotiations in order to find ways to withdraw themselves from Cambodia and return the independence to the Cambodian people.

More support from the Cambodian people and those Cambodian brothers and sisters working for the Heng Samrin regime is very important to quickly regaining independence for our Cambodia since it will enable our armed forces to become more efficient in fighting.

50 Vietnamese Soldiers Killed

BK030713 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 2 Feb 86

[Text] From 25 to 27 January, 300 Cambodian soldiers mutinied against the Vietnamese soldiers in Takeo Town. They killed 30 Vietnamese soldiers and wounded another 20. The fighting was continuing. It should be recalled that on 26 December, 200 Cambodian soldiers together with our national army and people attacked the Vietnamese enemy in Takeo Town. At that time, they totally smashed the Vietnamese enemy in the town.

We call on our national army and people nearby to cooperate with the Cambodian soldiers in Takeo Town in attacking the Vietnamese. You should give full support and assistance to these Cambodian soldiers spiritually, materially, and in all other respects.

/9738
CSO: 4212/54

CLANDESTINE RADIOS REPORT BATTLES, SKIRMISHES

3-12 Jan Guerrilla Attacks

BK221207 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 22 Jan 86

[Text] The Voice of the Khmer newsroom has received additional reports from reliable sources on the military situation in Cambodia. It is learned that on 7 January, 75 Cambodian nationalist soldiers ambushed a Vietnamese truck convoy 2 km from Ratanamondol District township, killing 16 and wounding 12 Vietnamese soldiers and destroying a truck and some war materiel. On 12 January, some 24 Cambodian nationalist soldiers destroyed 100 meters of rail track between Battambang and Sisophon. On 3 January, the Cambodian nationalist forces destroyed 200 meters of rail track between Battambang and Moung Russei District. It is also reported that on 10 January, a Soviet ship of the (flag co oriental line) transported six 10-wheel trucks and a large quantity of other war materiel to Kompong Som port. Some 30 Vietnamese soldiers then carried this war equipment on three trucks and stored them in a warehouse 6 km northeast of Kompong Som port.

17-23 Jan Battle Reports

BK240739 [Editorial Report] (Clandestine) Voice of the National Army of Democratic Kampuchea [VONADK] in Cambodian broadcasts the following battle reports from the reporting period 17-23 January:

VONADK at 2315 GMT on 17 January reports that DK forces fired 107-mm rockets into Siem Reap Town airport on 7 and 8 January; dispersed Vietnamese administrations at Trapeang Cho Commune in Thpong District on 7 January, at Damrei Slap Commune in Kompong Svay District on 7 January, and at Baray Commune in Prey Chhor District on 10 January; ambushed 2 Vietnamese company units on northwest Phnom Penh battlefield on 12 January, 1 Vietnamese battalion unit on Moung-Pursat battlefield on 13 January, and 1 jeep on Samlot battlefield on 10 January; set ablaze 1 truck on Samlot battlefield on 12 January; cut 15 sections of railroad track at Svay Teap on Battambang battlefield on 13 January and 6 other sections of railroad track on Moung-Pursat battlefield on 11 January; attacked a Vietnamese battalion position in Kaoh Nhek District on Mondolkiri battlefield on 13 January; and conducted various other activities on Kompong Thom, Siem Reap, northwest Phnom Penh, and Kratie battlefields from 5 to 13 January, killing and wounding 138 Vietnamese soldiers; destroying 32 assorted weapons, 350 meters of railroad track, 1 commune office building, 1 ammunition depot, 1 jeep, 1 truck, 2 C-25 radio sets, 3 barracks, and some war materiel; and seizing 4 weapons and some ammunition and war materiel.

According to VONADK at 2315 GMT on 18 January, DK forces attacked Sala Ta Ong township and liberated 4 villages along Sangke River bank in Sangke District on Battambang battlefield on 15 January; dispersed Vietnamese village and commune administrations at Leang Chey village in Kong Pisei District on 6 January, at Svay Cheat Village in Battambang District on 13 January, and at Trap Commune in Cheung Prey District on Kompong Cham battlefield on 14 January; ambushed 1 Vietnamese company unit west of Anlung Reap on western Leach battlefield on 15 January, 6 trucks on a road on north Sisophon battlefield on 13 January, and 1 truck on Siem Reap battlefield on 10 January; and conducted various other activities on Pailin, Samlot, north Sisophon, Koh Kong Leu, and Leach battlefields from 2 to 16 January, killing and wounding 264 Vietnamese soldiers; destroying 53 assorted guns, 9 trucks, 1 rice milling machine, 11 barracks, and some war materiel; seizing 2 guns and some ammunition and war materiel; and liberating 4 villages on Battambang battlefield and 4 villages on Kompong Cham battlefield.

VONADK at 2315 GMT on 19 January reports that as results of attacks and ambushes in Kampot, south and north Sisophon, Kompong Cham, Siem Ta, and Kratie between 3 and 15 January, DK forces killed 60 enemy soldiers and wounded 82 others; destroyed 6 guns, 2 trucks, 1 motorboat, and some ammunition and materiel; seized 5 guns, 100 meters of telephone cable; and liberated 3 villages in Kampot Province and 5 others in South Sisophon District.

The DK Army radio reports at 2315 GMT on 20 January that DK forces attacked Krang Lvea Commune office in Kompong Tralach District on 15 January, Trapeang Kor Commune office in Cheung Prey District on 15 January, and commune office in Sangke District on 14 January; ambushed a Vietnamese company unit in Sre Ambel District on Route 4 battlefield on 14 January, a Vietnamese company unit in Mongkolborei District on 15 January, a Vietnamese platoon unit on South Sisophon battlefield on 15 January, a truck on Samlot battlefield on 15 January, and a motorboat on Koh Kong battlefield on 15 January; and conducted various other activities on South Sisophon, Kompong Chhnang, Koh Kong, and Siem Ta battlefields from 12 to 17 January, killing and wounding 132 Vietnamese soldiers; destroying 15 guns, 1 truck, 1 motorboat, and some war materiel; seizing some ammunition and war materiel; and liberating 4 villages on Kompong Cham battlefield.

VONADK at 2315 GMT on 21 January says DK forces killed and wounded 211 Vietnamese soldiers; destroyed 6 guns, 2 commune office buildings, 2 trucks, 7 boats, 9 barracks, 3 bridges, and some war materiel; seized 4 guns and some ammunition and war materiel; and liberated 5 villages on Moung-Pursat battlefield and 7 villages on Battambang battlefield in actions launched from 7 to 18 January on Pailin, Moung-Pursat, South Sisophon, Kompong Chhnang, Samlot, and Battambang battlefields and in attacks launched in Ta Laoh Commune on Moung-Pursat battlefield on 12 January, Chheuteal Commune on Battambang battlefield on 15 January, Phnum Sampeou Commune in Battambang Province on 18 January, and Phneou Commune in Kompong Thom Province on 18 January.

At 2315 GMT on 22 January VONADK reports that DK forces disrupted Vietnamese commune administrations in Kompong Thom Province on 17 January, at a commune in Kompong Cham Province on 10 January, O Commune in Moung District of Battambang Province and 15 January, at Krakor Commune in Moung District on 17 January, and at 10 villages along Sangke River bank in Battambang District on 19 January; cut 10 sections of railroad track on Moung-Pursat battlefield on 10 January; ambushed a Vietnamese company moving from Krakor to Vat Kralanh on Moung-Pursat battlefield on 10 January and 3 Vietnamese trucks on Route 4 on 14 January; and conducted various other activities on western Leach, Pailin, Battambang, Kompong Thom, Samlot, and Moung-Pursat battlefields from 8 to 18 January, killing and wounding 109 Vietnamese soldiers; destroying 4 guns, 5 barracks, 5 commune office buildings, 200 meters of railroad track, 2 trucks, and some war materiel; seizing 2 guns and some ammunition and war materiel; and liberating 7 villages on Kompong Thom battlefield and 2 villages on Moung-Pursat battlefield.

According to the Clandestine radio at 2315 GMT on 23 January, DK forces attacked 2 Vietnamese platoon units in Prey Chhor District in Kompong Cham Province on 13 and 14 January, 1 Vietnamese platoon in Angkor Chey Village in Kampot Province on 6 January, and the Vietnamese soldiers launching operations on Sisophon battlefield on 18 January; set ablaze 1 truck on Route 4 on 18 January; attacked 1 Vietnamese company position in Chamka Leu District of Kompong Cham Province on 18 January, and a position in area south of Siem Ta on Siem Ta battlefield on 18 and 20 January; dispersed Vietnamese commune administrations in Tuk Meas, Prey Nop, Kompong Trach, Tram Kak, and Baray-Chamka Leu Districts; and conducted various other activities on southwest, Route 4, and Kompong Som battlefields from 9 to 16 January, killing and wounding 172 enemy soldiers; destroying 39 assorted weapons, 2 commune office buildings, 1 truck, 4 guard posts, and some war materiel; seizing 6 weapons and some ammunition and war materiel; and liberating 2 villages in Prey Nop District.

Various Battlefields

BK250517 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 24 Jan 86

[Report from various battlefields]

[Excerpts] Battambang battlefield: On 20 January, our commandos attacked a Vietnamese position defending the factory at Don Teav. We killed five and wounded seven Vietnamese enemy soldiers. We destroyed a 100-meter-long paddy warehouse capable of storing tens of thousands of sacks of paddy, plundered from our people to be taken to Vietnam; a big rice mill with 1,000 sacks of paddy and 200 sacks of rice; 10 military structures; 5 barracks; 50 cans of gasoline and diesel; and some war materiel; and we seized some war materiel.

Kampot battlefield: On 19 January, we attacked and neutralized Vietnamese authorities in three villages, Trapeang Romeas, Prey Krang Khang Kaeut, and Prey Krang Khang Cheung, in Chhuk District. We killed two and wounded two Vietnamese enemy soldiers and destroyed some war materiel. We liberated three villages: Trapeang Romeas, Prey Krang Khang Cheung, and Prey Krang Khang Thong.

22 SRV Prisoners Taken

BK250040 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 24 Jan 86

[Report from various battlefields]

[Excerpt] Battlefield east of Phnom Penh: On the morning of 19 January, at 0530, our national army launched a 3-pronged attack against Sithor Kandal District seat in Prey Veng Province. The first prong attacked the position defending the district seat; the second attacked the district police office; and the third attacked the district seat office. After a 15-minute battle, we destroyed and completedly liberated this district seat in Prey Veng Province. As a result:

1. We captured 22 Vietnamese prisoners, including a Vietnamese district governor, 2 Vietnamese regiment commanders, 2 Vietnamese company commanders, and killed or wounded a number of Vietnamese enemy soldiers.

2. We destroyed an ammunition and weapon depot which was burning and exploding all morning and another 44 weapons; a paddy warehouse containing 3,500 sacks of paddy and 350 sacks of rice; a district office; a district police office; a military and political school of the Vietnamese enemy; a propaganda office; a material warehouse containing 1,000 pieces of cloth; 7 barracks; 10,000 liters of gasoline; 10 cans of diesel; a warehouse containing cooking utensils; a bicycle warehouse with 30 bicycles and many spare parts in it; a Vietnamese cultural office containing books, magazines, and Vietnamese history books; a district agricultural office; a trade office; a prison; a car; a tractor; 5 military motorcycles; and 4 typewriters.

3. At 0830, the Vietnamese enemy brought troops from Prey Veng provincial seat in an attempt to retake this district seat from us. However, we ambushed the Vietnamese, killing or wounding some of them. The remaining soldiers fled back. At 0930, the Vietnamese sent another five truck-loads of soldiers from Prey Veng provincial seat, accompanied by a plane and a helicopter, which were strafing to support the soldiers. However, we ambushed these soldiers and killed or wounded some more of them. The remaining soldiers and the two aircraft fled back again. As a result, during these 2 ambushes, we killed 30 and wounded 20 Vietnamese enemy soldiers.

4. We distributed a lot of paddy, rice, and cloth--which we confiscated from the Vietnamese--to our compatriots.

In sum, we took 22 Vietnamese prisoners, including a Vietnamese district governor, 2 regiment commanders, and 2 company commanders, and killed 30 and wound 20 enemy soldiers for a total of 72 casualties, including the 22 prisoners.

We destroyed an ammunition and weapon depot which was burning all morning; another 44 assorted weapons; 7 long barracks; a paddy warehouse containing 3,500 sacks of paddy and 350 sacks of rice; a district office; a district police office; an army and political school; a material warehouse containing 1,000 pieces of cloth; 10,000 liters of gasoline; 10 cans of diesel; a warehouse containing cooking utensils; a bicycle warehouse with 30 bicycles and many spare parts in it; a cultural office with books, magazines, and Vietnamese history books; a district agricultural office; a trade office, a prison; a car; a tractor; 5 military motorcycles; and 4 typewriters.

We seized an assortment of 42 weapons and a lot of various types of ammunition; 1,000 sets of army uniforms; 20 hammocks; a C-25 field radio, an amplifier; a pair of binoculars; and 2 maps.

We freed 40 people who had been imprisoned by the Vietnamese.

A day after our attack, the situation of the Vietnamese enemy everywhere east of Phnom Penh was very confused. Routes 15 and 7 were closed to all traffic. Five helicopers and two other aircraft were sent to carry out indiscriminate strafing throughout 20 January.

After our national army attacked and liberated the area, our compatriots, local authorities, people, and many Cambodian militiamen and soldiers were happy and welcomed this victory. They all pledged to cooperate with the national army to fight against the Vietnamese enemy in every possible way.

3,000 'Freed' 21 Jan

BK260322 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 25 Jan 86

[Battle report from various battlefields]

[Excerpts] On the morning of 21 January, our national army launched a 4-pronged attack against four Vietnamese company positions along Stoeng Chas River bank in areas from (Boeng Sim) to Prasat Sangke Village on east Battambang battlefield. The first prong attacked the areas along the river bank coming from the east of the village; the second prong attacked the Vietnamese positions at Chang O Tmat and Vat Thmei; the third prong attacked the Vietnamese position at Svay Sar Village; and the fourth prong attacked the Vietnamese position at Prasat Sangke Village. After fighting for 1 and 1/2 hours, we took full control of these areas. As a result:

1. We killed 18 Vietnamese soldiers and wounded 20 others. We destroyed a 60-mm mortar, 3 B-40's, 3 RPD's, 5 AK's, 80 barracks, and a large quantity of war materiel.

2. We seized 1 B-40, 5 AK's, 1 M-16, 1 SK, 30 B-40 rockets, 5 B-41 rockets, 4,000 rounds of AK ammunition, 30 rucksacks, 20 mosquito nets, 25 hammocks, 50 sets of military uniforms, 1 mine, and some war materiel.

3. We freed 3,000 inhabitants who were recuited by the Vietnamese enemies from Norea, Ta Pon, and Samraong Communes and sent to dig trenches and build positions for the Vietnamese enemies at Vat Thmei, 2 platoons of village and commune guerrillas and Cambodian soldiers, and 2 inhabitants imprisoned by the Vietnamese enemies.

At 0200 on 22 January, our special detachments attacked three Vietnamese positions on hill 210 on Koh Kong Leu battlefield. After an hour of fighting, we totally smashed these three positions and chased the Vietnamese soldiers in disarray. As a result: We killed 85 Vietnamese soldiers and wounded 67 others. Many others were killed by landmines. We destroyed 50 AK's, 10 B-40's, 1 12.7-mm gun, 1 82-mm mortar, 3 60-mm mortars, 1 C-25 radio, 1 ammunition depot, 40 houses, and a large quantity of war materiel; and seized some weapons, ammunition, and war materiel.

9 Villages 'Liberated'

BK230229 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 22 Jan 86

[Battle report from various battlefields]

[Excerpts] On 17 January, DK forces attacked and dispersed the Vietnamese commune administration at Tnaot Chum Commune in Santuk District on Kompong Thom battlefield. We killed and wounded a number of Vietnamese soldiers; destroyed four commune office buildings and some war materiel; and liberated seven villages, namely Tnaot Chum Khang Cheung, Tnaot Chum Khang Tbong, Thmei, Banteay Chas, Kang Meas, Prek Kraoy, and Pneou. We set free and sent home 250 inhabitants who were forcibly recruited by the Vietnamese enemy aggressors.

On 17 January, we attacked and dispersed the Vietnamese commune adminstration and raided a Vietnamese company unit defending Kakaoh Commune in Moung District on Moung-Pursat battlefield. We killed four Vietnamese soldiers, wounded two others, destroyed a commune office building, five barracks, and some war materiel; and liberated two villages namely Kakaoh and Tuol Prom.

SRV Forces Shell Camp

BK221227 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 22 Jan 86

[Text] According to news sources of the Voice of the Khmer Radio, an attack was launched by the Cambodian patriotic forces against Vietnamese troops near Chamka Kor, Sisophon District, Battambang Province, resulting in the killing of three Vietnamese soldiers and wounding of eight others.

The same sources revealed that Vietnamese gunners retaliated by pounding the Cambodian nationalist forces, but the latter had pulled out without incurring casualties.

It is also reported that Vietnamese forces attacked the O Bei Choan camp located in Cambodian territory in the vicinity of O Chreou, firing 82-mm mortar and 105-mm artillery shells in support of the 3-hour attack that began at 2100 on 20 January. The Vietnamese gunners continued firing for 3 hours against this camp yesterday morning, causing a big fire to the thatched huts and forcing hundreds of Cambodian patriotic soldiers to withdraw from the area. No reports on casualties are available.

DK Forces Attack Sisophon Township

BK170122 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 16 Jan 86

[Battle report from various battlefields]

[Excerpt] Our special detachment attacked and destroyed [as heard] Sisophon township, north Sisophon battlefield [Battambang Province], on 6 January.

After 20 minutes of fighting, we killed five Vietnamese enemy soldiers and wounded eight others. We destroyed a B-40, a B-41, four AK's, a rice milling machine, five military barracks, and a quantity of military materiel. We also seized an AK, an AR-15, and some military materiel.

SRV Aircraft Strafe Villages

BK170148 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 16 Jan 86

[Text] The Vietnamese enemy used four aircraft to savagely and barbarously strafe and bomb our people's villages and house in Chikreng District, Siem Reap Province, from Krasang Village to Phnum Sangha, killing and wounding a number of our inhabitants.

/9599
CSO: 4212/50

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

BRIEFS

DEATH OF CHALLENGER CREW--To His Excellency George Shultz, secretary of state of the United States, Washington: Upon my return from a visit to Chinese provinces, I was shocked and deeply distressed to learn about the mishap of the spacecraft Challenger which caused the death of seven courageous U.S. military and civilian crewmen. On this sad occasion, on behalf of the Cambodian people and the CGDK and in my own name, I would like to express heartfelt condolences to you, to President Ronald Reagan, the U.S. Government, and the American people, particularly the bereft families, for the useful sacrifices made a noble contribution to the development of sciences in service of peace and freedom in the world. With highest regards, [signed] Norodom Sihanouk, President of Democratic Kampuchea, [dated] Beijing, 1 February. [Text] [(Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 4 Feb 86 BK] /9738

SIHANOUK VISITS CHINA--DK President Samdech Norodom Sihanouk and his wife visited China's Guangdong Province 15-30 January. Accompanying the Samdech on this visit were Chinese Deputy Foreign Minister Liu Shuqing and Democratic Kampuchean Ambassador to China Chan Youran. On the night of 15 January, Guangdong Provincial Governor Ye Xuanping hosted a banquet for the Samdech. During the banquet, Ye Xuanping said: The more than 60 million people in Quangdong Province, together with Chinese people throughout the country, firmly support the Cambodian people's struggle led by the Samdech and the CGDK against the Vietnamese aggressors until their final victory. On behalf of the Cambodian people and the Cambodian patriotic resistance forces, the Samdech expressed profound thanks to the CPC and the Chinese people for supporting the Cambodian people's struggle for independence and national liberation. During his stay in Guangdong Province, the Samdech visited various large cities such as Guangzhou, Dhenzhen, Zhuhai, Zhongshan, and Shunde. The Samdech and his wife returned safely to Beijing on 30 January. [Text] [(Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 1 Feb 86 BK] /9738

SIHANOUK COMMENDS VICTORIES--To His Excellency Khieu Samphan, vice president of Democratic Kampuchea in charge of foreign affairs: My wife and I would like to express profound thanks to you for your message dated 28 January 1986. I would like to express warmest congratulations to your excellency, the Democratic Kampuchea side, and the heroic Democratic Kampuchean National

Army for the great, brilliant victories scored by the Democratic Kampuchean National Army in its struggle on the battlefield against the Vietnamese aggressors and colonialists. The Vietnamese aggressors know very well that they are very weak and can do nothing in the current dry season. This is because they have been badly beaten by the Democratic Kampuchean National Army. Our enemies are falling. They will never be able to lift their heads if the war in Cambodia drags on. I wish your excellency greater victories in the coming months. With highest regards, [signed] Norodom Sihanouk, Beijing, 31 January 1986. ["Text" of DK President Samdech Norodom Sihanouk's 31 January message to DK Vice President in Charge of Foreign Affairs Khieu Samphan, commending recent combat victories won by DK National Army and Cambodian people] [Text] [(Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 1 Feb 86 BK] /9738

CSO: 4212/54

MILITARY AFFAIRS AND PUBLIC SECURITY

VIETNAMESE TROOPS IN LAOS AWARDED HERO TITLE

BK040923 Hanoi Domestic Service in Vietnamese 2330 GMT 3 Feb 86

[Text] In Xieng Khoang, Laos, on 29 January, the F-5 group of the Vietnamese construction corps held a solemn ceremony to receive the Vietnamese People's Armed Forces hero title. The acting commander of the construction corps read the Council of State chairman's decision awarding the hero title amid the elated atmosphere at the ceremony.

Addressing the function, Lieutenant General Vu Xuan Chiem, on behalf of the SRV National Defense Ministry, warmly commended officers, combatants, workers, and employees of the F-5 group for their efforts in strengthening internal unity and solidarity with the Lao revolutionary armed forces, Lao organizations, administration, and people during the past 17 years and more. They have also overcome numerous problems and worked creatively to build military and civil projects, thereby helping implement agreements signed by the two parties, states, and armies of the SRV and LPDR.

At the ceremony Lt Gen [as heard] Siphon Phalikhan commended the F-5 group for its outstanding military exploits over the past 17 years for the Lao revolution. The F-5 group has been assigned heavy and glorious tasks and has fulfilled them all. Units of this group regarded the Lao revolutionary cause as their own cause. Various projects completed by the group are great achievements to be remembered forever by the Lao Army and people. The Lao Army and people are very proud to have the 5-F group, a close comrade-in-arm during the past 17 years, the group that has been awarded the Vietnamese Armed Forces hero title.

/9738
CSO: 4209/280

NHAN DAN MARKS ECONOMIC RELATIONS WITH POLAND

OW070803 Hanoi VNA in English 0715 GMT 7 Feb 86

[Text] Hanoi VNA Feb 7--Marking the 30th anniversary of the signing of the first agreement on goods exchange and payment between Vietnam and Poland, NHAN DAN today describes it as an important event and a lively evidence of the increasing development of their friendship and cooperation between the two fraternal countries.

The paper continues:

"With Poland's capital and credits, Vietnam has built more than 100 industrial and cultural projects of various sizes including important projects like the Gia Lam Locomotive Repair Works, the Cam Pha Coal Screening Factory, the Ha Long Shipyard, the Van Diem Sugar Factory, the Thinh Liet Concrete Factory, the Linh Nam Silicate Brick Factory, etc.

Besides sending experts to Vietnam, the party, government and people of Poland have also trained many technicians and workers for Vietnam.

In the Domain of Commerce, in 1985, the value of goods exchanged between the two countries increased 25 times compared with 1956 and it is expected to increase 60 percent in the 1986-90 period compared with the last 5 years."

The paper goes on:

"The Vietnamese people follow with deep feelings each step forward of socialist construction in Poland and are elated at the great achievements recorded by the Polish people. We rejoice over the successes of the Polish people in overcoming the crisis caused by the enemy and their continued march forward. As a steady compenent of the socialist community, the Polish People's Republic attaches great importance to the solidarity and friendship with the Soviet Union and the other fraternal countries in the community, and actively works for peace and stability in Europe and all over the world."

/12766
CSO: 4200/662

COMMENT ON IMPACT OF CHALLENGER EXPLOSION

BK051216 Hanoi Domestic Service in Vietnamese 0015 GMT 5 Feb 86

[Station commentary]

[Text] The shuttle Challenger disastrously exploded on 28 January, killing all seven crew members. The disaster has profoundly shaken the American people morally and psychologically. Some commentators thought that the American people would take a long time to get over the nightmare of the disaster. Among the victims was a school teacher, McAuliffe. She was 37 years old and a teacher at Concord High School in New Hampshire. A teacher did not join the Challenger crew casually. The American public realizes that the U.S. Administration had a definite political purpose in mind when selecting a teacher--especially a woman teacher--for the Challenger flight called the educational flight to carry out an educational task.

Had the launch succeeded, it would have increased the American people's support for the Reagan administration's program for an arms race in outer space. Moreover, it would have helped cover up the military schemes in other shuttle flights. The NASA organizers and executives would have had a chance to boast that U.S. space research program did not have a military goal but was a scientific, educational, and humanitarian program for the sake of mankind to conquer space and so forth.

One could see politics in this flight even more clearly when knowing that according to the flight program after the Challenger reached orbit, McAuliffe was to give two lessons from space for 25 million high school students in the United States. All the students therefore watched attentively the Challenger takeoff and witnessed the shuttle explosion.

School teacher McAuliffe and her companions in the crew will never return. Mainly the 25 million students and millions of teachers throughout the United States were the most deeply and painfully moved and influenced by the disaster. A psychology professor of Cornell University in New York said: It was extremely horrible for the students to witness their teacher's death.

According to an estimate, the Challenger disaster cost $1.2 billion. However, the psychological and moral damage among the American people and especially among American youths and teenagers cannot be calculated. Following the disaster, the U.S. Government mourned the victims for 7 days. President Reagan eulogized them, remembered them and, in response to the American public demand, ordered NASA to investigate the cause of the disaster.

However, the more action the U.S. Administration takes, the more prolific becomes the American public in discussing the arms race in outer space, the SDI program, and other political and military schemes of the U.S. Administration in carrying out space programs.

The poor American people express their displeasure over social welfare cuts by the administration in order to get the money for military research and national defense.

/9738
CSO: 4209/280

INTERNATIONAL RELATIONS, TRADE, AND AID

BRIEFS

CHAIRMAN MEETS WFDY DELEGATION--Hanoi VNA Feb 5--"The Vietnamese people highly value activities of the World Federation of Democratic Youth (WFDY) over the past 40 years for the noble objectives, namely peace, national independence and social progress," said Chairman of the Council of Ministers Pham Van Dong while receiving here this afternoon a delegation of the WFDY now on a friendship visit to Vietnam. The WFDY delegation is led by its Secretary-General Vilmos Cserveny who is also secretary of the Hungarian Communist Youth Union Central Committee. Present at the reception was Vu Mao, member of the Communist Party of Vietnam Central Committee and first secretary of the Ho Chi Minh Communist Youth Union. Chairman Pham Van Dong, who is also a Political Bureau member of the CPV Central Committee, expressed his gratitude to the WFDY and other progressive youth organizations in the world for their support to the Vietnamese people in national liberation struggle in the past as well as in national construction and defense at present. Chairman Pham Van Dong wished the solidarity and friendship between the Vietnamese youth and the WFDY constant development and consolidation. [Text] [Hanoi VNA in English 0824 GMT 5 Feb 86 OW]/12766

AID TO PRK PROVINCE--Hanoi VNA 5 Feb--With the help of the Mekong Delta Province of Hau Giang, peasants in its Kampuchean twin province of Kompong Chnang have planted 30 hectares with a new high-yield rice strain, "IR-42," and obtained an average of 4 tons per hectare, the peak yield so far in Kompong Chnang. Agronomists of Hau Giang Province have guided Kampuchean peasants in selecting rice strains, tilling land, tending crops, and preventing pests. Hau Giang also helps Kompong Chnang in planning irrigation for 200 hectares, restoring a 1.6 million-cubic-meter reservoir and in building a series of other small-sized irrigation works. [Text] [Hanoi VNA in English 0708 GMT 5 Feb 86 OW]/12766

LEADERS GREET SRI LANKAN COUNTERPARTS--Hanoi VNA Feb 3--State Council President Truong Chinh and Chairman of the Council of Ministers Pham Van Dong today sent a joint message of greetings to President J.R. Jayawardene and Prime Minister R. Premadasa on the 38th national day of the Democratic Socialist Republic of Sri Lanka. Also on this occasion, Foreign Minister Nguyen Co Thach has extended his warmest greetings to his Ceylonese counterpart, A.C.S. Hameed. [Text] [Hanoi VNA in English 1523 GMT 3 Feb 86 BK]/12766

CSO: 4200/662

PHAM VAN DONG ADDRESSES 3 FEBRUARY HANOI GET-TOGETHER

BK041030 Hanoi Domestic Service in Vietnamese 1430 GMT 3 Feb 86

[Text] On the occasion of the Year of the Tiger and the CPV's 56th anniversary, at the presidential palace on the afternoon of 3 February the party Central Committee, the National Assembly, the Council of State, the Council of Ministers, the VFF Central Committee, and the Hanoi municipal party and people's committees held a get-together of representatives of notables, intellectuals, writers, artists, religions, political parties, and journalists.

Cordially addressing the get-together, Chairman of the Council of Ministers Pham Van Dong warmly greeted the representatives on the occasion of the spring festival and the party's anniversary. He said: In the past, I already told you about combining the immediate tasks with the long-term ones. What I said still holds true today. You must do a really good job of resolving our country's pressing problems. At the same time, you must use your mental capacity to contribute as much as you can to the country's future. You must strive to do your best to raise the general standards of the collective and your own standards and to contribute as much as you can to the entire country and to the capital since we are living here. You should strive to turn the capital into a model and a city worthy of being the heart of the entire country.

Chairman Pham Van Dong wished the representatives good health and many new achievements in the new year and in subsequent years.

On behalf of all notables, intellectuals, poets, artists, and musicians, Comrades Tran Dang Khoa, Tran Quoc Hoan, Hong Lien, Hoang Xuan Chinh, Pham Tien Duat, Cu Huy Can, Phan Anh, and Kim Dung expressed gratitude to the party and state for their care and sang songs and recited poetry to provide entertainment at the get-together.

/9738
CSO: 4209/280

PARTY ACTIVITIES AND GOVERNMENT

TRUONG CHINH ADDRESSES 5TH NATIONAL HEROES CONGRESS

BK061429 Hanoi NHAN DAN in Vietnamese 17 Jan 86, pp 1, 3

[Address by Truong Chinh at opening session of Fifth National Congress of Heroes and Outstanding Emulators in Hanoi on 16 January]

[Text] Dear Presidium members and comrades: On behalf of the party Central Committee, the Council of State, and the Council of Ministers, I warmly welcome the Fifth National Congress of Heroes and Emulators, the heroic collectives and individuals, and emulators who have brought the beautiful flowers of Vietnamese revolutionary heroism to the congress.

I take this opportunity to welcome and thank the experts of the Soviet Union and other fraternal socialist countries who are striving to work and assist the Vietnamese people in building and defending their country. I also welcome the socialist diplomatic corps members present here.

Dear comrades: In this congress there are 218 heroic units and collectives, 111 heroes, and 223 emulators of all strata of the people, of various ages, and from all localities in lowlands as well as in highlands. This indicates that the socialist emulation movement has developed broadly nationwide and is becoming a great motivating force in national construction and defense. Under the party leadership, you--along with our entire people and army--have developed the spirit of collective mastery and self-reliance, overcome natural and enemy-caused calamities, labored selfelessly, and scored many very encouraging achievements.

You, comrades, have contributed to further defeating the expansionist-hegemonistic clique's land-grabbing border war and multifaceted war of sabotage, further strengthening national defense, firmly maintaining political security and social order and security, and fulfilling our internationalist obligations toward the fraternal Lao and Cambodian peoples.

On behalf of the party and government, I warmly praise the heroic collectives and individuals and emulator warriors, the brother and sister workers, peasants, intellectuals, soldiers, and compatriots countrywide for their valiant struggle to overcome difficulties and for scoring many outstanding achievements in the past war of resistance against the United States for national salvation as well as in the current national building and defense.

Dear comrades: Entering 1986, another new year, the first in the 1986-90 year plan, our people have very weighty, yet very glorious tasks. In light of resolutions of the party Central Committee and the resolution of the 10th session of the 7th National Assembly, let you, comrades, together with the compatriots and combatants countrywide, strengthen solidarity; pool efforts; be of one mind; promote the spirit of socialist collective mastery, positive thinking, and creativity; endeavor in productive labor and thrifty practices; renovate the management mechanism; combat bureaucratic centralism and subsidization; and switch to socialist economic accounting and business transactions. Let everyone promote their strengths and remedy their shortcomings, combat negativism in society, and stabilize the people's livelihood. Let everyone carry out the great President Ho Chi Minh's teaching: "Let everyone and every sector emulate one another everyday," whip up vigorous and widespread movement for revolutionary actions in order to achieve high output, high quality, and high efficiency. Let everyone resolutely bring about a new change for the better in our country's socioeconomic situation.

Let everyone heighten their vigilance, consolidate national defense and security, fight and defeat the enemy's landgrabbing border war and multifaceted war of sabotage, and carry out, without fail, the dual strategic tasks of successfully building socialism and firmly defending the socialist Vietnamese fatherland.

The cited national heroic collectives and individuals and emulator warriors should uphold their leading role in the mass revolutionary movement and should continue to strive to advance further and score worthy achievements in honor of the sixth party congress.

I hope that in our people's vigorous emulation movement there will appear many more national heroic collectives and individuals and emulator warriors who are creative, technically talented and disciplined and who can work with high productivity and set an example in treasuring and protecting socialist property.

I hope that you, comrades, will socre good results in the 1986 state plan and make intensive contributions to fulfilling well the 1986-90 five-year plan.

I wish you a new year with good health, much happiness, and success in your work performances.

/9738
CSO: 4209/280

RADIO REPORTS INCREASE IN CPV MEMBERSHIP IN 1985

BK040922 Hanoi Domestic Service in Vietnamese 2300 GMT 2 Feb 86

[Text] In 1985, party development work received more attention from party committee echelons than it did in previous years. Many provinces and cities adopted active measures to carry out this task on a regular basis, thereby achieving fairly good results and improving the quality of new party members.

Last year, party development work was carried out at a high rate, with more than 105,000 new members admitted into the party, 41.6 percent of whom were soldiers, 15.3 percent were workers, and 24 percent were women. The percentage of new party members among the various minority nationalities increased noticeably. Especially all industrial centers and major cities paid attention to recruiting new party members from among workers, in particular those who were directly engaged in production work and had superior technical skills. Workers accounted for more than 37 percent of the new party members of Quang Ninh, 35 percent of Hanoi's, 29 percent of Haiphong's, 25 percent of Haihung's, 15 percent of Ho Chi Minh City's, and 13 percent of Dong Nai's.

All southern provinces paid attention to party development work, thereby increasing the number of basic party organizations and gradually reducing the number of hamlets with no party organizations or party members.

/9738
CSO: 4209/280

PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

PHAM VAN DONG VISITS HA SON BINH--Hanoi VNA Feb 5--Pham Van Dong, Political Bureau member of the Communist Party of Vietnam Central Committee and chairman of the Council of Ministers, on February 3 paid a visit to Ha Son Binh Province, northwest of Hanoi, on the occasion of the 56th anniversary of the Indochinese Communist Party, and of the lunar new year festival. He was warmly welcomed by the secretary of the provincial Party Committee, the chairman of the People's Committee and large crowds of local population. Chairman Pham Van Dong commended the local party organization and population for their achievements in economic construction, especially in food production, producing 46,000 tons of food more than in 1984 in spite of serious natural calamities. Chairman Pham Van Dong also visited Binh Minh agricultural cooperative in Thanh Oai District which had just been honored as a hero unit. [Text] [Hanoi VNA in English 0711 GMT 5 Feb 86 OW]/12766

PARTY FOR LUNAR NEW YEAR--Hanoi VNA Feb 3--Vietnamese party and state leaders called a cordial get-together at the presidential palace here this afternoon for noted personalities, intellectuals, artists and journalists on the occasion of the lunar new year festival. Present on this occasion were Pham Van Dong, Political Bureau member of the Communist Party of Vietnam Central Committee and chairman of the Council of Ministers, Le Duc Tho, Political Bureau member of the CPV Central Committee, Chu Huy Man, Political Bureau member of the CPV Central Committee and vice president of the State Council and many other high-ranking party and state officials. [Text] [Hanoi VNA in English 1536 GMT 3 Feb 86 BK]/12766

CSO: 4200/662

ECONOMIC PLANNING, TRADE, AND FINANCE

PHAM HUNG ADDRESSES CUSTOMS SECTOR CONFERENCE

BK061435 Hanoi NHAN DAN in Vietnamese 17 Jan 86 pp 1, 3

[Text] From 14-16 January 1986 in Hanoi, the Customs General Department held a national conference of the customs sector. The conference reviewed what was done and what was not accomplished in 1985 and assessed the strong points and shortcomings displayed by the sector in carrying out its activities. The conference determined the tasks and activities to be carried out by the customs sector in 1986 with a view to implementing the 1986 state plan.

The conferees were elated to welcome Comrade Pham Hung who called on and addressed the conference on behalf of the party Central Committee Political Bureau and the Council of Ministers.

Comrade Pham Hung analyzed the position, functions, and tasks of the customs sector in view of the new situation and tasks of the Vietnamese revolution. He said: As a semiarmed tool of dictatorship of our party and state, the customs sector has the duty to firmly uphold the observance of export-import regulations, combat speculation and smuggling across the border, ensure correct implementation of the system of state monopoly over foreign trade and foreign currency, and effectively support our party's and state's external economic policy and external relations; at the same time, it is charged with the task of actively safeguarding national sovereignty and maintaining political security and social order.

The comrade commended the customs sector for the progress and achievements made during the 1st year of its founding and operation as a general department. The sector has fulfilled its regular tasks while arranging and ensuring uniform activities throughout the sector under the new organizational format. It has made great efforts to control and handle export and import operations involving a large volume of goods, successfully prevented many cases of smuggling and tax evasion, and overfulfilled the tax collection plan entrusted by the government. The sector has effected cooperation on a regular basis with other sectors concerned and proposed to the Council of Ministers amendments to some policies and regulations to suit the new situation.

After praising the Customs General Department for its efforts and achievements during the 1st year of operation, Comrade Pham Hung pointed out: In the coming years, the plan for economic cooperation with foreign countries will further increase our country's service exchanges and export-import operations; and coupled with this, the enemy will intensify their sabotage against our country. Consequently, the tasks of the customs sector will be heavier and more complex. It is necessary to make cadres and combatants of the entire sector remain vigilant all the times and not entertain any illusion about the enemy's crafty and perfidious schemes so that they will sharpen their political awareness while carrying out their tasks. The customs sector must urgently build its apparatus (both politically and professionally) in line with the new organizational structure and pay attention to drawing upon the good experience gained in the various localities in order to rationally arrange its apparatus and deploy cadres and avoid setting up unnecessary intermediary links and too many procedures that impair the sharpness and timeliness of guidance and lead to work delays and labor dissipation. Attention must be given to enhancing scientific-technological knowledge and applying science and technology within the sector in order to improve work efficiency.. Constant efforts must be made to make the customs forces pure, firm, and strong so as to remain always worthy of being a seminarmed tool of dictatorship of our party and state. It is necessary to develop the relations among the various echelons within the sector, the coordination with other sectors, and the relations with the various organizations so as to generate an integrated strength; and this is a very important factor for the customs sector to fulfill its immediate tasks of actively participating in the implementation of the party Central Committee's eighth and ninth plenum resolutions and resolutely combatting speculation and smuggling. Leaders at all levels of the customs sector must constantly develop for cadres and combatants of the sector a proper work conduct that calls for fortitude of principles, a polite and cultured attitude, and a correct bearing befitting cadres who represent the nation at ports of entry.

On behalf of the Political Bureau and the Council of Ministers, Comrade Pham Hung wished the conferees and the customs sector a new vitality and yet greater achievements in 1986, successful implementation of the 1986 state plan, and outstanding successes with which to welcome the convocation of the Sixth Party Congress.

/9738
CSO: 4209/280

AGRICULTURE

SRV AGRICULTURE MINISTER SAYS 'MATERIAL BASES REMAIN WEAK'

HK051422 Hong Kong AFP in English 0905 GMT 5 Feb 86

[Text] Hanoi, Feb 5 (AFP)--Vietnam plans to boost agricultural output by consolidating and upgrading what officials say are still "small-scale and scattered" farming efforts throughout the country.

Agriculture Minister Nguyen Ngoc Triu told the publication INFORMATION-DOCUMENTS here that collectivization, virtually complete in the north for years, involved 86 percent of the people and 82 percent of the land in the south last year.

He said that agricultural output had risen from 14.5 million tonnes of paddy in 1980 to 18.4 million tonnes last year, and average yield had increased from 2 to 2.85 tonnes a hectare (2.47 acres).

But despite the progress, Mr Triu said, agricultural production remained generally "small-scale, scattered and not very high-yield."

"Agriculture is not even assuring food for all of society, nor satisfying the needs of industry or export, and its material bases remain weak," the minister said in the interview published yesterday.

The pace of mechanization provides one barometer of the problem: The number of functioning tractors and cultivators dropped by a third between 1980 and 1985, from 64,000 to 44,000 vehicles, largely due to poor maintenance, he said.

Complaining of current mismanagement and lack of direction in agriculture, the minister stressed the necessity of moving beyond the stage of dispersed small producers to one of large-scale collectivization.

This year, Mr Triu said, the aim will be to pass the production mark of 19 million to 20 million tonnes of paddy with the hope of achieving an average annual output of 400 to 500 kilograms (880-1,100 pounds) per capita by 1990. Official figures put last year's production at 309 kilograms (680 pounds) per capita.

Achieving this output would involve an annual production level of 26 million tonnes of paddy, according to Western experts, who generally consider the goal unrealistic.

The authorities also intend to speed up livestock production, the minister said. Individual households currently raise most of the country's 12.6 million pigs and 5.2 million cattle.

Presenting this year's agricultural plan to parliament in December, Vice Premier Vo Van Kiet said the state would not be able to provide adequate supplies of fertilizer and insecticide to local collectives, which would have to import what they need by selling some of their produce abroad.

Mr Kiet also stressed the necessity of improving the distribution of labor, another of the government's priorities for the next 5 years.

The amount of land under cultivation has remained practically unchanged since 1980, but the authorities hope to begin systematic exploitation of mountainous terrain in north and central Vietnam, he said.

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FORESTRY MINISTRY HOLDS CONFERENCE IN HANOI 4 FEBRUARY

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[Text] Today, 4 February, the Ministry of Forestry held a conference in Hanoi on Vietnam's International Year of Forests in which it launched a campaign for tree planting and forest protection. Attending were Comrade Nghiem Xuan Yem, vice chairman of the National Assembly and chairman of the Vietnamese Gardeners' Association; Comrade Romesh Chandra, chief advisor of the afforestation project; and other comrades representing the UNESCO.

Over the years, with the solicitous assistance of the FAO and many friendly countries in the world, various programs of cooperation on the exchange of knowledge in the many areas of study and forestry production have continued to be expanded in many countries. Particularly, with [the assistance of] the Soviet Union and various international organizations, good results have been obtained in tree planting, afforestation, and forest protection.

In 1985, the area of jungle ravaged by fire dropped by 36 percent compared to that in 1984. The area of concentrated afforestation was put at 148,300 hectares, or 136 percent of the planned target--an increase of 18 percent over the preceding year. Long An and Quang Nam-Danang Provinces and Ho Chi Minh City used the local budget and manpower in reforesting an additional hundreds of thousands of hectares and hundreds of millions of trees.

In the years to come--1986-90--fully realizing the policy of building and developing forestry work and developing those results already attained in the "tree-planting T" movement initiated by Uncle Ho, the Vietnamese Committee for the International Year of Forests will launch an emulation movement for tree planting, afforestation, and forest protection as part of efforts to use effectively 15 million hectares of forests and forest land and manage closely the existing 7.8 million hectares of forests in order to meet essential requirements for in-country production and exports and for agricultural and environmental protection.

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